



**Request for Proposal**

**General Market Advertising Services  
RFP #4945**

**June 8, 2010**

**CALIFORNIA STATE LOTTERY  
600 NORTH 10TH STREET  
SACRAMENTO, CA 95811**

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## **I. GENERAL INFORMATION**

### **A. Purpose**

The Lottery is inviting responses from qualified agencies to provide general market advertising and integrated communications services for all Lottery products with the objective of maximizing net revenue from Lottery sales for the benefit of California public education. The Lottery will consider proposals from partnerships and joint ventures, including a creative advertising agency, media management firm, and/or PR firm. The initial term of the contract shall be for five (5) years with one 2-year extension option. The Lottery may unilaterally extend the term of the contract under the same terms and conditions, including pricing terms, for up to two years.

### **B. Background**

The Lottery's current creative ad agency partner is BBDO West/San Francisco (BBDO) and PHD/Los Angeles (PHD) handles media planning and buying. These agencies' contracts are expiring January 31, 2011. BBDO and PHD are expected to compete in this solicitation.

The Lottery also works with Casanova Pendrill (for its Hispanic Communications efforts), Time Advertising (for its Asian Communications efforts), Muse Communications (for its African American Communications efforts), and Alcone Marketing Group (for its point of sale and promotional marketing needs). These assignments are not part of the scope of services for this solicitation and are not in review at this time.

### **C. The Opportunity**

The Lottery is looking to identify a truly strategic agency partner capable of helping it approach the consumer in a fresh new way and address critical business strategy questions, e.g., "Where should we take our brand and our messaging?"; "How do we increase the frequency of play?"; "How do we re-engage with lapsed players?"; "How can we segment our audience more effectively and broaden our player base?"; "How do we make sure consumers are talking about and engaging with the Lottery so it becomes a critical part of their conversations and social currency and that we maximize unpaid media?"; "How do we increase sales?".

### **D. The Challenge**

The advertising landscape has changed dramatically, with perhaps the greatest change coming in the last two years as technology continues to change consumer media behavior and marketing realities. The Lottery is currently reviewing its business strategy to make certain it has the best products to maximize player engagement and gaming revenue growth into the future. Understanding player motivation and helping to better differentiate and position the Lottery's games and its various brands to enhance consideration and increase sales will be a critical role for the Lottery's agency partner moving forward. The Lottery's agency partner must be able to combine rigorous and insightful account planning and strategic development with brilliant creative solutions that drive sales and stand out in a fragmented media world where consumers need to be re-engaged and re-motivated to play. We expect our agency to step up to the plate, function as a true partner, challenge the status quo and lead the way to

meaningful strategy and communications solutions that drive brand and product demand, and sales.

In this tight budget environment, maximizing the Lottery's media investment is critical for optimal Return on Investment (ROI). The Lottery is in the process of hiring a separate firm (not part of this solicitation) to provide the absolute best-in-breed tools, econometric modeling and analytics to help better inform holistic communications channel planning to optimize campaign results for the maximum ROI. The apparent successful agency of this solicitation may be required to interact and work with this new firm. Beyond this, the Lottery is hoping to increase the alignment of creative and media strategy and stay at the cutting edge of the latest cross channel integration ideas and opportunities. Finally, given its target audience and the role of the web and digital devices in their lives, the Lottery expects the internet and digital platforms to play an increasing level of importance in its marketing communications mix.

## **E. Summary of Wants, Needs and Expectations**

The Lottery is entering a strategic inflection point in its lifecycle and needs a strategically-based, highly creative agency partner with best-in-breed capabilities in media planning and buying across all channels including, digital creative and media to handle its integrated advertising account to help it navigate future challenges and opportunities. The Lottery is seeking an agency team capable of developing breakthrough work and highly integrated cross-channel media communications solutions that will successfully elevate its brand, motivate more customers to engage with and buy its products to drive sales.

The Lottery seeks an agency that can develop a long-range marketing plan to:

- Foster an environment where “leading the Lottery” and “thinking outside of the box” is part of the agency culture.
- Demonstrate unequivocal marketplace success at building and sustaining brands in positions of category leadership.
- Deliver breakthrough creative based on powerful consumer insights that drive sales. Specifically, demonstrate outstanding creative capabilities across all media and channels (traditional/non-traditional/digital).
- Demonstrate innovation in media; be on the cutting edge of the latest technologies including working with econometric modeling to inform and evaluate media plans and enhance ROI.
- Offer an integrated marketing mindset and seamless integration across a world class suite of services and relevant best-in-class resources – particularly in media planning and buying, and online creative and media.
- Offer best-in-class account leadership with strong involvement in the strategic process and the ability to lead integration across all projects to ensure consistency and excellence in the agency's work product.

- Commit a team of experienced professionals to the account who are fully immersed in the business from top to bottom, like to take initiative and are constantly striving to improve what they do.

Preferred Experience: The ideal candidate will have a successful track record of:

- (1) Building and sustaining brands in positions of category leadership;
- (2) Developing and executing highly innovative brand and transaction-focused creative based on strategic account planning and insightful strategy development that drive sales;
- (3) Developing highly integrated consumer-centric communications programs across different media and channels with a significant digital/new technologies focus;
- (4) Proven track record of best-in-class digital and social media experience as an agency or among your key team members is a must; and
- (5) Prior experience with clients in gaming and entertainment industries is highly desired, as is prior experience with low-cost consumer products sold in convenience stores, liquor stores and supermarkets.

Media Capabilities: Media leadership is important to the Lottery. The ideal media partner will have a successful track record of:

- (1) Developing highly innovative and fully integrated, cross-channel communications plans, where creative strategy and media strategy are aligned from the beginning, and messaging leverages the inherent value of each specific medium to drive sales;
- (2) Best-in-class media research, tools and media analytics including econometric models to inform and evaluate media plan performance and optimize media ROI;
- (3) Best-in-class media buying across all relevant channels including local broadcast (TV and radio), newspaper, OOH, other print, and digital including online, social, mobile and search media;
- (4) Expertise and a track-record in handling syndication and branded content work; and
- (5) Delivering optimal rates and consistent added value to enhance value and overall ROI.

Digital: The Lottery expects its agency partner to be on the cutting edge of the latest digital technologies in digital marketing efforts. The web is an integral part of the Lottery's overall marketing mix and is expected to play an increasingly important role. The selected agency will be responsible for developing concepts and executing/tracking integrated digital campaigns. Please note: The Lottery's website is managed in-house and is not in the scope of this assignment.

Production: Production capabilities and production expertise are critical to the Lottery. As such, it is seeking best-in-class digital and broadcast/television production capabilities and experience including off-line editing and talent, and business affairs expertise.

Promotions and Experiential Marketing: The Lottery is looking for an innovative agency that can bring fresh thinking and big ideas outside of traditional advertising and media channels to its marketing efforts. Specifically, the selected agency will be tapped with developing experiential and promotional programs that forge deeper engagement between the Lottery and its gamers (e.g., What can you share with the Lottery that gives us a sense of your track record and experience in this important non-traditional and promotional realm?).

Public Relations: At the discretion of the Lottery, its new agency partner may be asked to provide integrated Public Relations (PR) capabilities to their marketing communications efforts

in the areas of new media, online, media relations, crisis communications, event management and cross-cultural outreach. The Lottery wants an innovative partner that will help build and implement a fresh PR program, and deliver high levels of earned media and robust ROI. Expertise in social networking and social media are desirable in addition to strategic ideation, development and execution of consumer PR programs and story angles as it relates to the online channel.

## **F. Minimum Qualifications**

This Request for Proposal (RFP) is open to all agencies and joint ventures that, at the time Phase I Submittals are due, meet the following minimum qualifications:

1. Have a minimum of 50 employees and \$12 million in annual revenue for the creative and strategic lead agency.
2. Have a minimum of 15% of the agency's work product in digital marketing efforts.
3. Have an office in California at the time of contract award and for the duration of the contract.
4. Is a legal business entity and licensed to do business in California; and
5. Meet the requirements as set forth in Section II, Phase I Submittals.

## **G. Issuing Office and Agency-Initiated Contact**

This RFP is issued by the California State Lottery, Contract and Procurement Services Section. Issuance of this RFP does not constitute a commitment by the Lottery to award any contract. The issuing office is the sole point of contact relative to this RFP. Any and all notices pertaining to this RFP shall be directed to:

California State Lottery  
Contract and Procurement Services Section  
Attention: John Muise  
600 North 10th Street  
Sacramento, CA 95811  
Phone: (916) 327-7816  
FAX: (916) 324-6713

No contact will be allowed between agencies and members of the Lottery Evaluation Team, Lottery Commissioners, or Lottery staff after issuance of the final RFP, with the exception of the Lottery contact person named above. Any such contact may disqualify an agency from further consideration. Requests for clarification by agencies will be allowed provided that such requests are made through the above contact.

## H. Projected Timetable

The following projected timetable is set forth for informational and planning purposes. The dates may change at the Lottery's discretion.

<u>Action</u>	<u>Date</u>	<u>Time</u>
RFP Issued	June 8, 2010	
Written Questions Due	June 15, 2010	
Responses to Written Questions	As required	
Phase I Submittals Due	July 6, 2010	3 p.m.
Identification of Semi-Finalists (Phase II)	July 20, 2010	
Issue Phase III Submittal Packet and Semi-Finalist Brief	July 21, 2010	
Conduct Semi-Finalist Meetings	August 2 – 6, 2010	
Identification of Finalists (Phase III)	August 17, 2010	
Phase III Submittals Due	August 23, 2010	
Conduct Briefing Day	August 23 – 27, 2010	
Conduct Work Sessions	September 13 – 17, 2010	
Staff Plan/Compensation Proposals Due	September 20, 2010	
Conduct Finalists' Presentations	October 4 – 8, 2010	
Identification of Apparent Successful Agency	October 27, 2010	
Commission Approval to Award Contract	October/November 2010	
Effective Date of Contract	October/November 2010	

## I. Examination of All Requirements

Agencies should thoroughly examine this document and become fully aware of the scope of services required. Responses shall be based solely on the information and materials contained in the final RFP, any amendments or other subsequent written materials issued by the Lottery, and any written answers the Lottery provides in response to agencies' requests for clarification. Agencies are to disregard everything else, including draft material they may have

received, any newspaper advertisements or articles they may have read, and any oral representations made.

If an agency fails to notify the Lottery of an error in this RFP which the agency discovered, the agency submits a response at the agency's own risk. If awarded the contract, the agency will not be entitled to additional compensation or time by reason of the error or its later correction.

The Lottery in its discretion may refuse to accept a response for failure to furnish all required information or to follow the format specified in this RFP.

#### **J. Amendments to the RFP**

The Lottery may cancel or amend this RFP. The Lottery will post an amendment or cancellation notice to the Lottery's website if the amendment or cancellation occurs prior to the due date for Phase I submittals. The Lottery will directly notify agencies who submitted Phase I submittals if the amendment or cancellation occurs after the due date for Phase I submittals; to Semi-Finalists exclusively if the amendment or cancellation occurs after Semi-Finalists have been identified; and to finalists exclusively if the amendment or cancellation occurs after finalists have been identified.

All notices, amendments, and/or cancellations will also be posted on the Lottery's website ([www.calottery.com](http://www.calottery.com)) under "Vendor Opportunities."

#### **K. Written Questions**

Questions regarding the Scope of Services, attachments or exhibits of this RFP shall be submitted in writing, via fax, e-mail or U.S. mail, to the Lottery contact person specified above by the due date and time specified for Written Questions in the Projected Timetable. It is the sole responsibility of the interested party to verify receipt of questions submitted.

#### **L. Future Communications and Notices**

Agencies that submit Phase I submittals in accordance with RFP Section IV, Proposal Packaging and Delivery, to the Lottery contact person specified above, by the deadline specified in the Projected Timetable, shall receive direct communications and notices, including RFP amendments, from the Lottery regarding this solicitation until the time Semi-Finalists are identified.

After Semi-Finalists have been identified, direct communications and notices will be sent to the Semi-Finalists exclusively. After Finalists have been identified, direct communications and notices will be sent to the Finalists exclusively.

All interested parties may access notices and amendments issued by the Lottery regarding this RFP on the Lottery's web site at [www.calottery.com](http://www.calottery.com) under "Vendor Opportunities".

#### **M. Joint Proposal**

A joint proposal (which is defined as two or more independent entities offering one proposal) which results in the award of a contract shall be deemed one indivisible contract. Each

Agency will be jointly and severally liable for the performance of the entire contract. The joint Agencies shall designate in writing, one individual having authority to represent all parties in all matters relating to the contract. **NOTE: If a joint proposal is being submitted (two or more independent entities offering jointly in one proposal) at least one of the Agencies shall meet the minimum qualifications listed above.**

#### **N. Proposal Consideration**

In consideration for being permitted to submit a proposal response, the agency agrees that:

1. The Lottery is not liable for any costs incurred by an agency in preparing, submitting, or otherwise participating in a response to this RFP.
2. Its response to this RFP constitutes the agency's binding offer to the Lottery.
3. Its response to this RFP is irrevocable for 180 days from the date proposals are due.

#### **O. Response Confidentiality**

1. Responses to this RFP will be maintained by the Lottery until the awarded contract expires. The successful proposal will be maintained by the Lottery for four years after the date the contract expires. The Lottery may destroy the records at the expiration of the applicable period.
2. In its response to this RFP, each agency may designate portion(s) of its proposal as proprietary or confidential and thus exempt from disclosure. If an agency does not appropriately designate confidential or proprietary portions of its proposal, all portions of the proposal may be subject to disclosure.
3. If an agency designates portions of its proposal as proprietary or confidential and the Lottery receives a request to disclose the information so designated, the Lottery will send written notification to the agency. The agency shall, within the timelines noted by the Lottery, send the Lottery a written request not to disclose the documents the agency deems exempt from disclosure, citing the legal authority which supports its request.
4. In consideration for being permitted to submit a proposal, the agency agrees to defend, indemnify, and hold the Lottery harmless for all costs associated with a claim or action seeking disclosure of documents the agency claims are exempt from disclosure.

#### **P. Public Records and Confidential Portions of Agency's Responses**

All data, materials and documentation submitted by an Agency in response to this RFP may be subject to a request for review by a fellow competitor or by a member of the public pursuant to the California Public Records Act, Government Code §§ 6250 et seq. The Lottery will process such requests in accordance with the laws of the State of California. The Lottery will assert on the Agency's behalf and attempt to maintain confidentiality of any trade secrets or proprietary information or material otherwise exempt from disclosure (referred to collectively as "confidential") submitted by the Agency so long as The Agency complies with two requirements:

1. Agency shall identify in writing the specific data or other materials that are confidential. Agency shall designate such materials as specifically as possible by page number, paragraph and sentence submitted to the Lottery during the solicitation process. All identifying markings shall be conspicuous by using color, bold, underlining or some other method to distinguish the protected data or material from other text.
2. Agency shall cite the specific legal authority on which it relies in asserting that the material so designated is entitled to protection as confidential.

If data or material is improperly marked as confidential, or if the Agency designates the entire or substantially all of the response as confidential, the Lottery may, in its sole discretion, determine the Agency's response non-confidential. Under no circumstance will the Lottery be liable to the Contractor or to any other person or entity for disclosing any portion of the Agency's submissions in response to this RFP, including those portions the Agency has asserted are confidential.

#### **Q. Conditions of Submission**

Responses to the RFP and any subsequent presentations should be submitted with the most favorable terms the agency can offer. After the agency submits a response to the Lottery, the response cannot be replaced, changed or modified in any way except as specified in this RFP or in response to a subsequent amendment to this RFP or a written request for clarification from the Lottery. An agency will be allowed to withdraw its response provided that such withdrawal is actually received by the Lottery prior to the deadline for final submission. Withdrawals shall be filed in the same manner as responses.

#### **R. Rejection of Responses**

The Lottery reserves the right to reject any response which is conditional or incomplete, or contains any material deviations. Any provisions of this document which are identified as requirements are mandatory. In the interest of promoting competition, the Lottery may allow an agency to correct a deficiency related to any requirement upon the Lottery's written request. If all agencies fail to meet a mandatory requirement, the Lottery reserves the right to continue evaluation of the proposals and select the response which most closely meets the requirements specified in this RFP.

#### **S. Nonmaterial Deviation**

The Lottery may waive any nonmaterial deviation in a proposal. The Lottery's waiver of a nonmaterial deviation does not modify the RFP requirements or excuse the proposing agency from full compliance with the contract's requirements.

#### **T. Contract Execution**

The Lottery Director or designee will make the final determination of the contract award, subject to Commission approval. In making this determination, the Lottery Director or designee may be assisted by an Evaluation Committee.

Failure or refusal on the part of the intended awardee to begin performance within ten working days of contract execution may be treated as a repudiation of the contract at the sole discretion of the Lottery. The Lottery may then either: 1) select the next ranked proposal which conforms to the requirements of this RFP and represents, in the sole discretion of the Lottery, the best value proposal that maximizes the benefits to the Lottery; or 2) reject all proposals. The Lottery reserves its right to damages associated with a repudiation of the contract.

The Lottery reserves the right to cancel any and all elements of a procurement or rescind an announced award at any time up to and including execution of the actual contract.

#### **U. Hiring of Lottery Personnel**

At all times during the proposal evaluation period and continuing through the contract award or the rejection of all proposals, agencies are prohibited from officially or unofficially making any employment offer or proposing any business arrangement whatsoever to any person involved in the evaluation of proposals. Any agency making such an offer or proposition will be disqualified from further consideration.

#### **V. Governing Law and Regulations**

The Lottery's governing law and regulations, including its Competitive Bidding Procedures, are available on the Lottery's website ([www.calottery.com/Media/Publications/LotteryRegulations](http://www.calottery.com/Media/Publications/LotteryRegulations)). It is the agency's responsibility to be familiar with these laws and regulations.

### **II. PROPOSAL REQUIREMENTS**

All proposals and other requested documents shall be organized in the same order and with the same lettering/numbering format as shown in the following subsections; submitted in a 3-ring binder, on 8 ½ x 11 inch paper, printed on one-side only, using at least 12 point size font, consecutively numbered with sections clearly marked or labeled; and provided on a compact disc (CD) compatible with Microsoft Office 2003 or Acrobat Reader 7.0.

Agencies shall provide the Lottery with as much information as necessary in their proposal for the Lottery to award a contract. At a minimum, proposals shall be fully responsive to the specific requirements stated in this RFP. Agencies shall identify any requirements of this RFP they cannot satisfy.

#### **A. Phase I Submittals**

All documents required in this section shall be submitted for further consideration. Failure to submit the information listed under Phase I Submittals may, at the discretion of the Lottery, result in disqualification of the Agency from further participation in the solicitation process. If all Agencies fail to meet one or more of the Phase I Submittal requirements, the Lottery reserves the right to continue evaluating the proposals. Agencies shall complete and submit the following attachments:

1. Introduction Letter
2. Attachment 1, Agency Fact Sheet
3. Attachment 2, Agency Questionnaire

4. Agency Profile (DVD Format)
5. Agency Case Histories (DVD Format)
6. Agency Media Case Histories (DVD Format)
7. Attachment 3, Certification
8. Attachment 4, Guaranty

## 1. Introduction Letter

Agency shall submit a cover letter indicating that the Agency is responding to the RFP and that all of the RFP requirements have been met. The letter shall be signed by a representative identified in Attachment 3, Certification, as legally authorized to contractually bind the Agency. The Introduction letter should confirm your qualifications and interest in participating in this solicitation. The Introduction Letter should explain:

1. The basis for the Agency's interest in the Lottery's business;
2. The Agency's particular strengths with respect to the basic qualifications as well as the Lottery's wants, needs and expectations;
3. The backgrounds of the Agency's key personnel, if identified, who might be assigned to handle this account; and
4. A summary of the key contributions the Agency believes it can bring to the Lottery's advertising and marketing communications efforts.
5. The Agency's contact person's name, phone number, and email address that will be the main contact between your agency and the Lottery contact person during the evaluation process. This contact person shall also be identified in Attachment 3, Certification.

If the Agency is submitting a joint proposal, the letter shall be submitted with all of the information required for each of the entities comprising the joint venture. The letter shall state the name of the representative who is legally authorized to contractually bind the joint venture and shall be accompanied by proof of authorization from each entity (e.g., by-laws, minutes or resolution of board of directors of corporation or association, written trust instrument, partnership agreement, etc.). **If the Agency is not submitting a joint proposal, the Agency shall provide a written statement to that effect.**

Agencies shall disclose whether they consulted with others in the preparation of this proposal. If others were consulted, they shall identify those with whom they consulted and provide contact information. Any change or addition to those consulted while this RFP is pending shall be reported to the Lottery. Failure to do so may result in a decreased rating level or a refusal of an Agency's proposal. The Lottery reserves the right to contact these consultants. Under no circumstances may an Agency submitting or considering the submittal of a proposal consult with a competitor Agency. **If the Agency did not consult with others in the preparation of this proposal, the Agency shall provide a written statement to that effect.**

Agency shall also disclose any potential, actual or apparent conflicts of interest that may arise between any current client and the Lottery. Because of the complexities involved in defining conflicts of interest, please identify any potential conflicts and the Lottery will make a final determination as to whether a disqualifying conflict exists. **If there are no known conflicts, the Agency shall provide a written statement to this effect.**

## 2. Agency Fact Sheet (Attachment 1)

Agency Fact Sheet, Attachment 1, shall be completed by the Agency at the time of proposal submission and included in its Phase I Submittal package. **If the Agency is submitting a joint proposal, each Agency comprising the joint venture shall complete and submit an Agency Fact Sheet.**

### **3. Agency Questionnaire (Attachment 2)**

Agency Questionnaire, Attachment 2, shall be completed by each agency and included in its Phase I Submittal package.

### **4. Agency Profile (DVD format)**

Agencies shall submit an agency profile including some of your recent broadcast creative, not to exceed 8 minutes in length. Think of this as a story about your agency as illustrated by your work, which is not limited to TV. However, please make sure sufficient TV samples run in their entirety. Context is the key to helping us better assess your relevant work and experience.

### **5. Two Case Histories (DVD format)**

Agencies shall submit two case histories of your most recent and relevant campaign work. If you have good examples of work that builds brand and drives product sales at the same time, we would like to see it. Please include multiple creative elements from each campaign to demonstrate how you integrate brand across an integrated toolbox. As the online channel is so important to the Lottery please look for case histories that have significant online and social media components. Case histories can include print, outdoor, collateral, promotional material as well as any viral, non-traditional or social media elements. Please include a succinct description or lead-in (i.e., concept, creative insight, results) for each ad or campaign and a notation of the timeframe in which the work ran.

### **6. Two Media Case Histories (DVD format)**

Agencies shall submit two media case histories; one media case history shall showcase your relevant media planning capabilities and one case history shall demonstrate your buying and negotiating skills. How can you demonstrate you have both the strategic and creative planning skills the Lottery seeks coupled together with the best value proposition? Additionally, in selecting your case histories, please remember the Lottery expects media planning to align with creative strategy development and is looking for an agency that can bring traditional, new media and online solutions to its efforts. This will assist the Lottery understand how each agency uses research, data and analytics to optimize the effectiveness of their work.

**Evaluation Criteria for Phase I Submittals (listed in order of importance):**

- **Caliber of strategic thinking;**
- **Creativity and innovation;**
- **Quality of media capabilities (buying, planning, research and analytics);**
- **Innovative integrated communications planning that drive sales;**
- **Agency positioning, vision and philosophy;**
- **Best-in-class digital and social media;**
- **Innovative promotions and experiential marketing;**
- **Relevant experience with gaming, entertainment and/or low cost consumer goods;**
- **Agency size, history, staff and location;**
- **Quality of client list**

**7. Certification (Attachment 3)**

Certification, Attachment 3, shall be completed by each agency and included in its Phase I Submittal Package.

**8. Guaranty (Attachment 4)**

Guaranty, Attachment 4, shall be completed by each agency and included in its Phase I Submittal Package.

**Evaluation Criteria for Phase I Submittals 7 & 8 (Attachments 3 & 4): Pass/Fail**

**B. Phase I Evaluation**

Submission of the Introduction Letter, Agency Fact Sheet, Agency Questionnaire, Agency Profile (DVD), Case Histories (DVD), Media Case Histories (DVD), Certification and Guaranty forms are mandatory and evaluated as Pass/Fail.

The Introduction Letter, Agency Fact Sheet, Agency Questionnaire, Agency Profile (DVD), Case Histories (DVD), Media Case Histories (DVD) will be reviewed further and evaluated by the Lottery Evaluation Team using the Rating Chart shown in Section III.

After review and evaluation of the Phase I submittals, those agencies receiving a minimum overall rating of "Exceeds" will advance to Phase II as a Semi-Finalist. Agencies receiving a minimum of "Meets", at the sole discretion of the Lottery Evaluation Team, may be advanced to the Semi-Finalist phase.

The Agency Questionnaire will not be evaluated during Phase I. The Agency Questionnaire will be evaluated by the Lottery Evaluation Team during Phase II using the same Rating Chart and evaluation criteria used to evaluate the Phase I submittals.

**C. Phase II Semi-Finalists**

The Lottery will identify Semi-Finalists, schedule Semi-Finalist Meetings and release the

following:

1. Semi-Finalist Brief
2. Semi-Finalist Evaluation Criteria
3. Instructions for completing and submitting Phase III Submittals

#### **D. Phase II Semi-Finalist Competition**

Phase II of the RFP process will include face-to-face meetings between the Lottery Evaluation Team and the Semi-Finalists and evaluation of the Agency Questionnaire. The meetings will be scheduled by the Lottery and will take place at the agency's office.

The objective of these meetings is to give the Lottery Evaluation Team a sense of your agency that goes beyond your work and credentials that were evaluated in Phase I. The Lottery wants to meet the people that run your agency and the team that would lead the Lottery Account. The Lottery Evaluation Team wants to assess the depth of your resources, measure your strategic "smarts" and evaluate the intensity of your interest and commitment to our business.

#### **E. Phase II Evaluation**

The Semi-Finalist Competition will be reviewed and evaluated by the Lottery Evaluation Team using the Rating Chart shown in Section III.

After review and evaluation of the Semi-Finalist Meetings, those agencies receiving a minimum overall rating of "Exceeds" will advance to Phase III as a Finalist. Agencies receiving a minimum of "Meets", at the sole discretion of the Lottery Evaluation Team, may be advanced to the Finalist phase.

#### **F. Phase III Submittals**

Upon identification of the Semi-Finalists, the Lottery will provide specific instructions for submitting the forms listed under Phase III Submittals. Finalists will ensure Phase III Finalist Submittals are received at the Lottery headquarters on the date specified in Section I, H, Projected Timetable.

**Only Agencies identified as Finalists will be required to submit the following Phase III Submittals:**

1. Attachment 5, Disabled Veteran Business Enterprise Participation (DVBE)
2. Attachment 6, Small and Microbusiness Participation (SMP)
3. Attachment 7, Major Contractor Disclosure

#### **1. Disabled Veteran Business Enterprise (DVBE) Participation Program (Attachment 5 – mandatory)**

Finalists will be required to complete and submit forms contained in Attachment 5, Disabled Veteran Business Enterprise Participation. The Good Faith Effort steps shall be submitted in a narrative format, addressing whether any DVBE participation was achieved through this effort.

## **2. Small and Microbusiness Participation (SMP) (Attachment 6)**

Based upon the nature of the goods and services to be utilized under this solicitation (as outlined in the Scope of Services, Exhibit A), the Lottery has set a Small and Microbusiness Participation goal of 25%, excluding media placement costs, for utilization of small or microbusinesses as subcontractors under the contract resulting from this solicitation. Only Finalists will have the option to participate in this program.

## **3. Major Contractor Disclosure (Attachment 7)**

Finalists will be required to complete and submit forms in Attachment 7, Major Contractor Disclosure. Finalists will be required to disclose certain information pursuant to California Government Code section 8880.57. Any Individual or entity in an agency's organizational chain and any of the agency's subcontractors may also be required to disclose similar information. The Lottery may refuse to enter into a contract based on the results of these disclosures, as provided in California Government Code sections 8880.57.

In order to ensure integrity, security, and honesty in its operation, the Lottery will conduct a thorough background check of the finalists. This may include fingerprinting and review of financial information. The Lottery may disqualify any finalist if its related entities or their directors, officers, employees, or owners refuse to participate. The successful agency will be required to notify the Lottery of the identity of potential subcontractors and may be required to periodically update other disclosure requirements during the term of the Contract.

**Note: The disclosures provided in these forms shall be considered confidential.**

## **G. Phase III Finalist Competition**

The Lottery will identify the Finalists; schedule Briefing Day, Work Sessions and Finalist Presentations and release the following:

1. Finalist Work Assignment
2. Request for Staff Plan/Compensation Proposal
3. Finalist Evaluation Criteria

Finalist Work Assignment: In Phase III, Finalists will complete and present a strategic, creative and integrated work assignment including media and online components.

At the beginning of the Finalist Phase, there will be a group briefing day for the Finalists. Following the group briefing Finalist agencies will have an opportunity to present questions to the Lottery staff.

Finalist Request for Staff Plans and Compensation Proposals: In Phase III, each Finalist will receive a packet outlining the proposed Sample Description of Work (for bidding purposes only) for the Lottery account. The packet will include an excel spreadsheet and instructions for organizing the proposed staff plan and corresponding cost information. The objective of this portion of the Finalist Phase is to evaluate your anticipated staff proposal and proposed

compensation on both a stand-alone and comparative basis to facilitate an “agency-to-agency” evaluation. **The Lottery prefers an all-inclusive labor-based monthly fee arrangement where media and production costs would be billed at net.**

### H. Phase III Evaluation

The Finalist Competition will be reviewed and evaluated by the Lottery Evaluation Team using the Rating Chart shown in Section III.

## III. PROPOSAL EVALUATION PROCESS

### A. Ratings

The Lottery shall conduct a fair and impartial evaluation of proposals received in response to this RFP. Proposals submitted in response to this RFP may be evaluated in comparison with other submitted proposals. **Clarification may be requested from participating Agencies during any phase of the evaluation process.**

All materials and/or portions not identified as pass/fail will be evaluated using the Rating Chart shown below for form and content in accordance with the provisions stated in this RFP.

Rating	Definition
Superior	Proposal exceptionally exceeds performance or capability requirements; proposal demonstrates extraordinary strengths that will more than significantly benefit the Lottery.
Significantly Exceeds	Proposal significantly exceeds performance or capability requirements; proposal demonstrates exceptional strengths that will significantly benefit the Lottery.
Exceeds	Proposal exceeds performance or capability requirements; proposal has one or more strengths that will benefit the Lottery.
Meets	Meets specified minimum performance or capability requirements necessary for acceptable contract performance.
Meets with Exceptions	Proposal demonstrates weak performance or capability standards necessary for minimum contract performance; proposal has one or more weaknesses that offset any strengths.
Does Not Meet	Fails to meet specified minimum performance or capability requirements. Proposals with an unacceptable rating are not awardable.

## B. Best Value Analysis

For the purposes of this RFP, the best value proposal will be the proposal of the finalist that is the best overall value to the Lottery and will most likely result in a contract that fulfills the Lottery's mandate to: 1.) "award contracts to the responsible supplier submitting the best value proposal that maximizes the benefits to the state in relation to the areas of security, competence, experience, and timely performance; 2.) take into account the particularly sensitive nature of the California Lottery; and 3.) act to promote and ensure integrity, security, honesty, and fairness in the operation and administration of the lottery and the objective of net revenues for the benefit of the public purpose described in this chapter." (Government Code Section 8880.56).

As part of the best value proposal evaluation process, the Lottery may award a contract based on the proposals submitted or establish a competitive range and hold discussions with each agency in the competitive range. The competitive range shall be composed of the most highly rated proposals consistent with the need for an efficient competition. If conducted, discussions will be undertaken with the intent of allowing each agency the opportunity to revise its proposal only in those specific areas identified by the Lottery during discussions. The discussions may include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, give-and-take, and may apply to price, technical requirements, type of contract, or other terms of a proposed contract.

The Lottery may indicate to, or discuss with, each agency in the competitive range weaknesses, deficiencies, and other aspects of its proposal such as price, technical approach, and terms that could, in the opinion of the Lottery, be altered or explained to enhance materially the proposal's potential for award. The scope and extent of discussions are a matter solely within the Lottery's judgment.

## IV. Phase I Submittals Packaging and Delivery

All Phase I Submittal packages shall be received no later than **Tuesday, July 6, 2010, 3:00 p.m.** **Fax or electronic transmissions will not be accepted.** Mail or deliver all proposals to:

California State Lottery  
Contract and Procurement Services Section  
600 North 10th Street  
Sacramento, CA 95811-0393

Attention: John Muise  
Response to RFP #4945  
**DO NOT OPEN IN MAILROOM**

Postmark date will not constitute timely delivery. Proposals received after the above date and time will not be considered. Agencies are solely responsible for ensuring timely receipt of their responses.

The original proposal should be marked "**Original Copy**" and have original signatures. Any RFP attachment and/or form that requires a signature shall be signed in ink (preferably in a color other

than black) by a person who is authorized to bind the proposing firm. The Lottery desires that all requested documents be submitted on 8½" by 11" paper, one-sided, and at least 12 point font. In addition, the entire proposal shall be submitted on a compact disc compatible with Microsoft Office 2003 or Acrobat Reader 7.0.

Responses shall be submitted in a sealed package addressed as above and clearly identifying the agency making the submission. Within the sealed package, the agency shall include **two separately labeled and sealed packages** clearly identifying the contents and Agency name and address:

- Package 1 shall contain one copy of the Agency's Phase I Submittals on compact disc (CD) and one original and five paper copies of:
  - Introduction Letter
  - Attachment 1, Agency Fact Sheet
  - Attachment 2, Agency Questionnaire
  - Attachment 3, Certification
  - Attachment 4, Guaranty
  
- Package 2 shall contain three copies each of the Agency's Phase I Submittals on digital video disc (DVD):
  - Agency Profile
  - Two Case Histories
  - Two Media Case Histories

**NOTE: Only FINALISTS, upon selection, will be required to submit Disabled Veteran Business Enterprise Participation (Attachment 5), Small and Microbusiness Participation (Attachment 6) and Major Contractor Disclosure (Attachment 7).**

## **Exhibit A**

### **SCOPE OF SERVICES**

The Contractor will be responsible for the following:

Assist in overall marketing analysis, strategy development and positioning of the California Lottery (Lottery) and its products.

- Share responsibility for planning, coordinating and executing the Lottery's overall marketing plan and specific portions of the Lottery's annual advertising plan. Contractor will be required to provide assistance on long range plans and specialized programs as requested. Contractor will be required to interact and work with Lottery staff, ethnic advertising agencies and other marketing contractors to provide integration of advertising plans.
- Create and produce general market advertising for the Lottery's existing products and new products.
- Develop general market media plans and purchase general market television, radio, print, outdoor, digital and any new media vehicle that assist in marketing Lottery products. Also provide a post-buy analysis of all media buys. Directly contract with television stations in California Designated Market Areas (DMAs), sublicensing with stations for the airing of Lottery programs.
- Assist and work with the Lottery's econometric modeling and analytics agency to optimize campaign results for the maximum media ROI.
- Assist in development of digital media strategies including a robust social media and search engine strategy and digital media negotiation buying and placement.
- The Lottery Contract Manager may require the Contractor to develop, design, and provide in-store communications
- At the discretion of the Lottery Contract Manager, the Contractor may be asked to provide an integrated PR program for their marketing communications efforts in the areas of new media, online, media relations, crisis communications, and cross-cultural outreach.

#### **1. SYNDICATION**

The Contractor may be required to provide assistance to the Lottery with its syndication activities, under the direction of the Lottery Contract Manager.

#### **2. RESEARCH**

At the request of the Lottery Contract Manager and in compliance with the Lottery Contract Manager's instructions, the Contractor may be required to conduct Lottery Market Research studies that involve advertising research such as recall tests, copy and motivation tests, media weight tests and attitude studies. The Contractor may also be required to conduct market research studies that assist the Lottery in the areas of strategic planning, retailer attitudes and retail audits. These studies may be qualitative or quantitative and may be ad hoc or ongoing projects. The Lottery's research unit manages and contributes significantly in developing study objectives and design.

## **Exhibit B**

### **DRAFT CONTRACT TERMS AND CONDITIONS**

#### **1.0 GENERAL PROVISIONS**

##### **1.1 Signature Authorization**

The person signing this Contract ("Contract") warrants that he/she is an agent of Agency and is duly authorized to enter into this Contract on behalf of Agency.

##### **1.2 Contract Term**

The initial Contract Term shall be November 1, 2010, through October 31, 2015.

##### **1.3 Option to Extend**

The Lottery may unilaterally extend the Contract Term under the same terms and conditions, including pricing terms, for up to two (2) years (the "Option Period"). The Lottery shall provide written notice to Agency of the Lottery's election to extend the Contract Term with such notice provided at least ninety (90) days prior to the end of the Contract Term. The Lottery's election to extend the Contract Term shall be for a period specified by the Lottery and as set forth in the Lottery's written notice to Agency. At the end of the Option Period exercised by the Lottery, the Contract will continue in full force and effect under the same terms and conditions, including pricing terms, until either party provides six (6) months advance notice of termination to the other party, with the exception that the Lottery retains the rights as set forth below for termination and nothing in this section limits, precludes, or alters such rights. Notwithstanding the foregoing, Agency may not give such notice of termination until the last day of the Option Period exercised by the Lottery.

##### **1.4 Emergency Extended Service**

At the Lottery's discretion, upon thirty (30) days' notice Agency shall provide extended services for a period not to exceed nine (9) months from the effective date of the Contract termination or expiration. Services shall continue to be provided by Agency and paid for by Lottery pursuant to the terms and conditions of this Contract.

##### **1.5 Full Force and Effect**

This Contract is of no force and effect until signed by all parties and all approvals are secured ("Execution"). Any commencement of performance prior to Contract execution shall be done at Agency's own risk.

##### **1.6 Amendment**

The Contract may be amended only by mutual written consent of the parties signed by each party's signatory to the Contract or his or her successor. No alteration or variation of the terms of this Contract shall be valid or binding unless so made, and no prior oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.

## 1.7 Agency Consideration

As consideration for the compensation provided to Agency under this Contract, Agency agrees to perform all services and to fulfill all responsibilities as duly ordered and authorized by the Lottery's Contract Manager and as detailed in Exhibit A, Scope of Services. In case of any discrepancies contained in Exhibit A, Scope of Services, Agency shall immediately notify the Lottery's Contract Manager for clarification.

## 2.0 RELATIONSHIP AND AUTHORITY

### 2.1 Contractual Relationship

The California State Lottery Commission ("Commission"), as the governing body of the Lottery, and Agency agree that the Lottery Act (Government Code sections 8880 et seq.) charges the Lottery with the duty to operate "so as to produce the maximum amount of net revenues to supplement the total amount of money allocated for public education in California." Agency acknowledges that the Commission has the authority to exercise all powers necessary to effectuate the purpose of the Lottery Act. The Commission retains all such authority under the Contract. Agency agrees to be accountable and subject to the Commission and its designated administrative officers under the Contract. Agency agrees to be subject to all Commission policies, rules and regulations.

### 2.2 Authority

The laws of the State of California and any federal laws applicable to the Lottery govern the Contract. Agency agrees to be bound by all laws, regulations, guidelines, and court orders imposed upon the Lottery as they relate to the Contract. Agency will perform its duties and obligations subject to Lottery audit and oversight and all Contract terms and conditions. Agency will have the power and authority, consistent with the limitations herein, to act as may be necessary or desirable to properly, efficiently, fully and completely perform the Contract.

### 2.3 Jurisdiction and Venue

The proposal process, the award procedure, and any Contract resulting from a solicitation will be governed by and interpreted in accordance with this section. By execution of the Contract, Agency acknowledges and specifically agrees that the jurisdiction for any action hereunder, including and not limited to claims, disputes, interpretation, breach and damages, will be the Superior Court, State of California. The venue for any action hereunder will be the Sacramento County Superior Court in California.

As consideration for entering into the Contract, Agency waives access to any other court that may have concurrent jurisdiction inside or outside of California and also agrees to exhaust all remedies provided for in the Contract or otherwise applicable before instituting any litigation relating to the Contract.

### **3.0 THE PARTIES' OBLIGATIONS**

#### **3.1 Contract Managers**

The Lottery and Agency Contract Managers are responsible for ensuring compliance with the terms and conditions of the Contract and, unless otherwise specified in the Contract, shall have the authority to act for and bind their respective party in connection with all aspects of the Contract. Whenever the Contract requires any action to be taken by the Lottery, such action shall be the sole responsibility of the Lottery's Contract Manager unless otherwise specified. Any action taken by any other employee of the Lottery in connection with this Contract without the specific written approval of the Lottery's Contract Manager shall be of no legal effect. The parties shall notify each other in writing of a proposed change in a Contract Manager. Any change in Agency's Contract Manager shall be subject to Lottery approval.

#### **3.2 Key Personnel**

- A. The personnel specifically identified in Agency's Staff Plan and Compensation Proposal are considered essential to the work being performed under the Contract. Before removing, replacing, or diverting any of the listed or specified personnel, Agency shall: (1) notify the Lottery's Contract Manager in writing; and (2) submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the Contract.
- B. Agency may not remove, replace or divert personnel listed in Agency's Staff Plan and Compensation Proposal without the Lottery Contract Manager's consent.

#### **3.3 Prior Lottery Approval**

The Lottery has no liability for payment for any work that Agency commences without prior approval from the Lottery's Contract Manager.

#### **3.4 Business and Professional Licenses**

Agency shall be licensed to do business in California and shall obtain, at Agency's expense, all license(s) and permit(s) required by law for accomplishing any work required in connection with this Contract. Agency shall, upon request, provide the Lottery with copies of all required license(s)/permit(s). In the event any license(s) and/or permit(s) expire at any time during the term of this Contract, Agency agrees to renew and provide the Lottery, upon request, with a copy of the renewed license(s) and/or permit(s).

#### **3.5 Ethical Conduct Guidelines**

The Lottery has in effect Incompatible Activities and Ethical Conduct Standards which restrict and in some instances prohibit transactions between Agency and Lottery employees. In some circumstances family or social relationships between Agency or its subcontractor personnel and Lottery employees shall be disclosed. A copy of the current Incompatible Activities and Ethical Conduct Standards is attached as Exhibit C. Agency and its agents and employees shall read, review, and understand the Lottery Incompatible Activities and Ethical Conduct

Standards and cooperate with stated requirements. Agency personnel and subcontractor personnel may be asked to disclose information relevant to the Incompatible Activities and Ethical Conduct Standards (from time to time throughout the Contract term), in keeping with the Lottery's mandate to conduct the Lottery with integrity, honesty, and security. The Incompatible Activities and Ethical Conduct Standards may be amended from time to time, and Agency agrees to ensure continuing compliance by its employees with those standards in all dealings with Lottery employees.

### 3.6 Confidentiality

Agency shall keep confidential all information and materials related to the Contract and the business operations and activities of the Lottery, including but not limited to information regarding management, personnel, security, marketing, sales, legal or other matters related to or arising from the Lottery's operations and activities, and shall not disclose any such information or materials to third parties unless such disclosure is approved in writing by the Lottery's Contract Manager, specifically required by court subpoena or order, or otherwise specifically permitted under the Contract.

Under no circumstance will the Lottery be liable to Agency or to any other person or entity for disclosing Agency information and materials.

### 3.7 News Releases

Agency shall not issue news releases or make statements to the media pertaining to this Contract without the prior written approval of the Lottery's Contract Manager, and then only in cooperation with the Lottery.

## 4.0 GENERAL WARRANTIES AND REPRESENTATIONS

Agency warrants and represents that:

- A. Agency is fully authorized and prepared to enter into and fully perform the terms and conditions of the Contract;
- B. Agency will comply with all federal, state, and local laws, ordinances, rules, and regulations applicable to its activities and obligations under the Contract;
- C. The goods, materials, products, deliverables, and services developed, provided, or used by Agency in performance of the Contract do not and will not infringe any copyright, trademark, or other third-party owned intellectual property, and upon request Agency will provide the Lottery with documentation indicating a third party's written approval and license for Agency to use and sublicense the third party's intellectual property;
- D. All services provided by Agency pursuant to the Contract will be performed in a prompt, competent manner by properly trained individuals in accordance with the highest standards of Agency's industry;
- E. Agency will maintain the minimum staffing levels set forth in its Staff Plan and Compensation Proposal.

## 5.0 FISCAL PROVISIONS

### 5.1 Reduction of Funds

The obligations of the parties under this Contract are subject to the availability of funds appropriated by the State Lottery Commission.

### 5.2 Payment

Agency shall be paid in accordance with the Staff Plan and Compensation Proposal. Billings will be done on a project-by-project basis and will require the submission of an estimate prior to the start of any work. The estimate number to be used to track each project will be issued by the Lottery Contract Manager. Contractor shall comply with Exhibit E, Cost Audit Guidelines.

### 5.3 Full Compensation

The compensation to be paid Agency, except as otherwise provided herein, is in consideration for all of Agency's services and administrative expenses, including all taxes.

### 5.4 Invoicing

Agency shall submit invoices in duplicate on a monthly basis noting the Contract number and listing the services rendered, goods provided and reimbursement claimed. The Lottery Contract Manager will review each invoice for completeness and accuracy. Unless disputed, payment will be made as approved by the Lottery Contract Manager. Invoices shall be submitted to:

**California State Lottery  
Accounting Operations and Tax Bureau  
P.O. Box 778  
Sacramento, CA 95812-0778**

Documents necessary to support and substantiate each invoice shall accompany the invoice. Agency is required to mark "Final Invoice" on the last invoice to be submitted to the Lottery for payment. If no final invoice is received within one hundred and eighty (180) calendar days after the termination of the Contract or expiration of the Contract by its own terms, Agency waives the right to receive any further payments under this Contract.

### 5.5 Notice of Sums Owed

The Lottery will notify Agency in writing if and when any sums are due the Lottery. Any sums Agency owes the Lottery shall be paid to the Lottery within forty-five (45) days after the postmark of the notice of the amount due or the amount due will be deducted from compensation otherwise due to Agency by the Lottery.

### 5.6 Tie-In Promotion

The parties agree that it is in the Lottery's best interest to pay the lowest price for media. In that regard, if the Lottery directly negotiates a tie-in promotion with a third party, depending on that party's contractual obligations with its own advertising agency and that agency's cost, and if Agency's cost is the lowest, the Lottery may recommend to the tie-in partner that Agency buy the media. The Lottery has final approval of media buys.

## 5.7 Tax Reporting

Agency is notified that section 6041 of the Federal Internal Revenue Code and section 18646 of the State Revenue and Taxation Code require the State to report certain payments to individuals and entities. No claims for payment will be processed by the State without the necessary information as specified in section 6041 of the Federal Internal Revenue Code and section 18646 of the State Revenue and Taxation Code. Agency agrees to abide by these conditions and to provide the information requested for those tax-reporting requirements.

## 6.0 LOSS PREVENTION

Agency shall acquire and maintain insurance coverage as set forth in this Section 6 and following subsections, and shall indemnify and hold the Lottery harmless as set forth herein. The required policies shall remain in force throughout the Contract Term and any extensions, and copies of the policies shall be provided to the Lottery upon request. Certificates of insurance for each required policy shall be provided to the Lottery within ten (10) calendar days of execution of the contract. In addition, all certificates of insurance for renewals shall be forwarded to the Lottery within ten (10) calendar days of the policy expiration. The insurance shall be issued by companies rated A-minus or better by the AM Best Company, or meet the approval of the Lottery. Each policy shall contain a provision whereby it cannot be canceled except by giving thirty (30) days written notice to insured and certificate holders. If Agency's carrier cancels any policy, Agency shall immediately obtain a replacement policy prior to expiration of the thirty (30) day notice period. Failure to provide and maintain any insurance or security may result in the termination of the Contract.

### 6.1 Workers' Compensation

Agency shall maintain Workers' Compensation insurance for all of its employees who will be engaged in the performance of the Contract.

### 6.2 Commercial General Liability Insurance

Agency shall maintain Commercial General Liability insurance with limits of at least two million dollars (\$2,000,000) for any one person and four million dollars (\$4,000,000) for any one occurrence for death or bodily injury, and two million dollars (\$2,000,000) for any one occurrence for property damage. The policy shall include, but not be limited to, coverage for liabilities for premises, operations, products, advertising injury, and subcontractor operations. The policy shall include the California State Lottery as additional named insured, insofar as operations under the Contract are concerned.

### 6.3 Indemnification

- A. Agency shall indemnify and hold harmless, at Agency's expense, the State of California, the California State Lottery, the California State Lottery Commission, and all California State Lottery officers and employees and their respective successors, heirs, representatives, administrators and assigns, from and against any and all responsibilities, suits, judgments, awards, costs, damages, claims, demands, actions, losses, settlements, costs and expenses (including attorneys' fees and expenses), expenses or liabilities of every nature threatened or brought against, sustained or incurred by any of them, whether joint, several, or individual (hereafter referred to as "claims") resulting or arising from or in any way connected with (1) any act or omission of Agency or any of its officers, employees, subcontractors, or agents, negligent, unauthorized, intentional, or otherwise; (2) any infringing use of third-party intellectual property; (3) the inaccuracy or breach of any covenants, representations and warranties made by Agency as they occur; and (4) the breach of a term or condition of the Contract by Agency. The provisions of this Section shall survive the termination or expiration of the Contract.
- B. Agency shall provide the Lottery's Contract Manager with immediate written notice of any action or suit threatened or filed against Agency that is related in any way to the Contract.
- C. The indemnities set forth herein are in addition to, and not in lieu of, any other indemnities provided hereunder or by law.
- D. If the use of any element of advertising or other creative works developed, provided, used, or prepared by Agency is enjoined as a result of any such action or proceeding, Agency shall, at its own expense and at the Lottery's option:
  - 1. Procure for the Lottery the right to continue to use said element;
  - 2. Replace said element with a comparable element which is non-infringing or is not a trade secret;
  - 3. Modify said element so it becomes non-infringing or no longer is such a trade secret; or
  - 4. Remove said element and pay to the Lottery any damages incurred by the Lottery as a result of the infringement.

### 6.4 Clearances, Releases, Waivers, Contracts and Licenses

Agency is solely responsible for securing, during the preparation of advertising materials and prior to the execution, printing and/or airing of any advertising materials, any necessary searches, rights, clearances, releases, waivers, contracts and/or licenses with respect to any and all elements used in the materials, including but not limited to third-party intellectual property, names, likenesses, testimonials, scripts, musical compositions, creative and/or similar materials, elements, or rights embodied or to be embodied in materials developed,

provided, used, or prepared by Agency under this Contract. Agency is solely responsible for obtaining trademark, trade name, service mark, house mark, copyright, slogan and/or logo (collectively referred as "mark") searches on marks which are to be used as an element in a campaign theme, slogan, logo, or other advertising or promotional purpose by the Lottery. These responsibilities continue throughout the Contract term and any extension. Agency shall provide the Lottery with a written assessment of all searches. The Lottery shall advise Agency of its decision on whether or not to use the mark. Agency shall deliver to Lottery, immediately upon request, written documentation (a) evidencing Agency's exclusive ownership rights or (b) its licensed rights as set forth above.

#### 6.5 Media Liability

Agency shall whenever possible include a clause in its media purchase contracts providing that Agency shall be solely responsible for payment of all media invoices.

#### 6.6 Nonexclusive Rights

Agency understands and agrees that the Lottery does not grant Agency exclusive rights to provide to Lottery those services listed in Exhibit A, Scope of Services, during the period covered by this Contract or any extension thereto. The Lottery reserves the right, during the Contract term, to acquire these services through another Agency. The Lottery's good faith exercise of this right will not constitute a breach of the Contract.

### 7.0 CONTRACT OVERSIGHT

#### 7.1 Background Investigations and Approval of Agency Staffing

The Lottery may investigate Agency, its officers, directors, principals, investors, owners, employees or other associates, and/or the officers, directors, principals, investors, owners, employees, and other associates of Agency's parent entity, subsidiaries, and/or subcontractors at any time during the life of the Contract, at the discretion of the Deputy Director, Security Law Enforcement Division. The Lottery may reject a bid or terminate the Contract based on the results of these investigations as provided in California Government Code sections 8880.57 and 8880.58.

Furthermore, Agency understands and agrees that, in furtherance of the Lottery's full disclosure requirements, any person associated with the performance of the Contract may be fingerprinted and may be required to complete a Personal History Statement and an Authorization to Release Personal Background Information form.

The Lottery reserves the right to disapprove any Agency and/or subcontractor personnel assigned to the Lottery Contract. Any personnel deemed unacceptable to the Lottery shall immediately be removed from the Contract and all facilities. All subcontracts shall include a provision implementing this right.

Agency and/or subcontractor personnel shall not be assigned to the Lottery Contract if they have ever been convicted of a felony, gambling-related offense, or a crime involving dishonesty, fraud, or moral turpitude or the underlying facts of the crime involve dishonesty, fraud, moral turpitude, or a felony DUI (driving under the influence), or any crime for which

employment of such personnel may reasonably impugn Agency's business or reputation. This Contract may be subject to termination if Agency knowingly assigns to or fails to remove from the Lottery Contract, personnel with criminal convictions as described above.

Agency may be required to reimburse the Lottery for necessary and reasonable costs incurred by the Lottery in conducting background investigations pursuant to the terms and conditions of the Contract; including travel, lodging, per diem, document procurement, site inspections, fingerprinting and any other necessary and reasonable expenses.

## 7.2 Agency Evaluation

The Contract Managers for the Lottery and Agency may meet as often as necessary to review and evaluate progress and performance. Review and evaluation criteria will be established by the Lottery Contract Manager and may include problem areas and future performance under the Contract and any other subject relating to completion of tasks under this Contract.

## 7.3 Project Monitoring

The Lottery will have access to all internal and external reports and documents used by Agency in the performance and administration of this Contract.

## 7.4 Small Business Participation Monitoring

The Lottery's Contract and Procurement Services Section will monitor Agency's Small Business Participation, if applicable. Periodic participation reports will be required from Agency.

## 7.5 Access to Financial and Accounting Records

Agency and its subcontractors for this Contract are required to maintain financial and accounting records and other documents and evidence, including but not limited to electronic versions, hereinafter "documents," pertaining to the fulfillment of the Contract obligations, in accordance with generally accepted accounting principles and other procedures that may be specified by the Lottery, for four (4) years from the date of final payment under the Contract. Agency shall make these documents available to the Lottery upon request. All duly authorized representatives of the Lottery may examine, audit and copy all the information described in this section.

## 7.6 Audit Provisions

The Lottery reserves the right to audit Agency records, procedures, and operations as they relate to the Lottery. Audits may include both announced and unannounced inspections and on-site audits. Audits may include the place(s) where duties under the Contract are being performed. The Lottery's auditors, the State Controller's Office or an independent firm specified by the Lottery may conduct the audits.

Agency shall ensure that the subcontractors providing services under the Contract, if any, fully comply with the inspections and on-site audits referenced in this subsection.

## 7.7 Dispute Resolution

If a dispute arises out of this Contract that remains unresolved after good faith negotiations between Lottery and Agency, the parties will submit the dispute to mediation, and thereafter to nonbinding arbitration, prior to engaging in litigation in any court or jurisdiction as set forth herein. Arbitration will be conducted under the Commercial Arbitration Rules of the American Arbitration Association in Sacramento County before an arbitrator who is acceptable to both parties. The arbitrator's decision shall be in the proper form to be entered as a judgment in a court of competent jurisdiction in Sacramento County. The parties to the arbitration will share equally in the costs of arbitration. Each party will be responsible for its own attorney's fees and costs. Notwithstanding any dispute, Agency shall proceed diligently with performance of this Contract.

In the event the parties agree on another form of Alternative Dispute Resolution to address a particular dispute, this section shall not be construed to limit the parties' ability to utilize such a process.

## 7.8 Notice of Delay

Whenever Agency has knowledge that any actual or potential situation, including but not limited to labor disputes, will delay or threatens to delay timely performance of the work under this Contract, Agency shall immediately provide the Lottery Contract Manager written notice including any relevant information.

## 8.0 EXPIRATION OR TERMINATION OF CONTRACT

### 8.1 Expiration of the Contract

Absent early termination of the Contract as provided in this subsection, the Contract will expire at the end of its term and any applicable extension(s).

### 8.2 Termination for Default

A. The Lottery may, by written notice of default to Agency, terminate the Contract in whole or in part if:

1. Agency fails to perform any material provision of this Contract;
2. Agency fails to deliver goods, materials, products, deliverables, services and advertising, or other items within the Scope of Work, within the time specified by the Lottery;
3. Agency breaches the Contract's standard of confidentiality;
4. Agency fails to sustain a level of economic viability in its overall operations such that the Lottery can reasonably be assured of its ability to continue to comply with all operational requirements of this Contract, including those provisions relating to loss prevention;

5. A court of competent jurisdiction finds that Agency or any of its principals or assigned personnel has failed to adhere to any law, ordinance, rule, regulation or order that may reasonably impugn Agency's business in such a way as to call into question the security, integrity or competence of Agency or the Lottery;
  6. Agency files a case under the Federal Bankruptcy Code or is seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, receivership or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any case or petition against it under any such law; or
  7. Agency has knowingly, or acting with a reckless disregard of the truth, furnished any material statement, representation, warranty or certification to the Lottery which is false, deceptive, or incomplete.
- B. In the event of termination for breach under this subsection, the Lottery will obtain a replacement agency on an emergency or interim basis to provide the services and/or goods which Agency agreed to provide under this Contract. The Lottery will collect from Agency the difference between the compensation stated in this Contract and the actual cost to the Lottery of obtaining and utilizing an interim replacement agency. The Lottery will also collect actual costs, including administrative expenses and re-procurement costs, incurred to process and procure a permanent replacement agency. The Lottery will collect sums it is due by offsetting the amount from any payments due to Agency or by any other means.
- C. If the Lottery terminates the Contract for default, the Lottery requires Agency to transfer title and deliver to the Lottery any and all: (1) completed or partially completed goods, materials, products, deliverables, services and advertising; and (2) license rights to any intellectual property that Agency has produced or acquired for the Contract, in addition to any other property in Agency's control in which the Lottery has an ownership interest. Agency shall protect and preserve all Lottery property in its possession.
- D. The rights and remedies of the Lottery in this subsection are in addition to any other rights and remedies provided by law or under the Contract.

### 8.3 Termination Based on Determination of Illegality

The Lottery may terminate in whole or in part and reduce Agency's future compensation under the Contract immediately upon its determination that an activity or operation supported by the Contract is no longer lawful for reasons including, but not limited to, court decision, legislative action, administrative decision, or advice of counsel. Upon receipt of notice of termination or reduction based on a finding of illegality, Agency shall immediately cease performance of such activity or operation and mitigate its damages.

### 8.4 Termination for Convenience

The Lottery retains the option to immediately terminate the contract for the Lottery's convenience upon advance written notice to Agency of no less than thirty (30) days. Upon

receipt of Notice of Termination, Agency shall cease performance and mitigate damages. Agency will be entitled to compensation upon submission of invoices and proper proof of claim for that portion of the services that were satisfactorily rendered or provided before the effective date of termination. The Lottery may, in its sole discretion, compensate Agency for expenses incurred as a result of binding commitments made in connection with Agency's performance of the contract. Agency shall submit proof of such expenses incurred to the Lottery's satisfaction. In the event of termination for convenience, Agency shall furnish copies of all materials related to performance hereunder at the time of termination.

## **9.0 MISCELLANEOUS PROVISIONS**

### **9.1 Force Majeure**

Neither Agency nor the Lottery will be liable for any delay in or performance failure under the Contract due to a Force Majeure occurrence, provided that Agency uses reasonably diligent efforts to avoid or otherwise minimize the impact of an event of Force Majeure on Agency's performance. Any such delay in or performance failure will not constitute default or give rise to any liability for damages. The existence of a delay or failure will extend the period for performance to the extent determined by the Lottery's Contract Manager.

For purposes of this Contract, "Force Majeure" means an act of God or public enemy, earthquake, fire, flood, explosion, epidemic, quarantine restriction, strike, freight embargo or closure of all major access roads to geographic area, action of the elements, governmental interference, rationing or any other cause which is beyond the control of the party affected and which, by the exercise of reasonable diligence, a party is unable to control.

### **9.2 Waiver of Provisions**

No term or provision of this Contract will be deemed waived and no breach excused unless such waiver or consent to the breach is in writing and signed by the signatory to this Contract, or his or her successor, on behalf of the party against whom such waiver or consent is sought to be enforced. No consent by either party to a waiver or a breach by the other, whether express or implied, constitutes consent to, waiver of, or excuse for any other breach or subsequent breach except as expressly provided in the written waiver or consent.

### **9.3 Contract Documents**

The Contract consists of three (3) documents. If there are inconsistencies or ambiguities in the Contract, the following documents shall be used to interpret the Contract together in the following order of precedence in interpretation:

- A. Contract Terms and Conditions.
- B. Lottery's Request for Proposal (RFP) #4945, dated June 8, 2010, and any amendments and addenda thereto.
- C. Agency's response to RFP #4945 and any clarifications/amendments submitted in response to requests by the Lottery.

Each party acknowledges that it has read this Contract, understands it, and agrees to be bound by its terms.

9.4 Notices in General

Any notice, request, demand, consent, waiver, or other item required or permitted under this Contract or applicable law shall be in writing and will be deemed duly given or made only (a) if personally served upon the party intended to receive it, in which case it is effective when delivered; or (b) if sent by certified mail, return receipt requested, postage prepaid, addressed to the party at its address set forth below, in which case it is effective on receipt by any person residing at such address; or (c) is sent by FAX with a copy sent on the same date by first class mail, postage prepaid, addressed to the party at its address set forth below, in which case it is effective as of the date of mailing. A party may change its address for purposes of this Contract only by giving written notice to the other in the manner set forth herein.

LOTTERY

AGENCY

Name: California State Lottery  
Address: 600 North 10th Street  
Sacramento, CA 95811  
Phone #: (916)  
FAX #: (916)  
Attention: (Name of Contract Manager)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9.5 Invalidity in Whole or in Part/Severability

If any provision of this Contract is held illegal, invalid, or unenforceable under any applicable rule or law, such invalidity will not affect other provisions which can be given effect without the invalid provisions, and to this end, such provision(s) is declared to be severable.

9.6 Execution of Counterparts

The parties deem an executed copy of this Contract as having the same force and effect as the original document.

9.7 Sections and Subsection Headings

The section and subsection headings contained herein are for convenience in reference and are not intended to define the scope of any provision of the Contract.

9.8 Assignment

A. Agency may not assign any performance of or payment for the Contract or any portion of the Contract without the prior written consent of the Lottery. Any attempt by Agency to make such assignment without the prior written consent of the Lottery will be void and will constitute a material breach of the Contract.

- B. Agency shall submit requests to assign the contract in writing, to the Lottery Contract Manager. Agency shall not take any action to complete assignment of the contract without prior written approval from the Lottery.

#### 9.9 Nondiscrimination Clause

During the performance of this Contract, Agency and its subcontractor(s) shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, age, sexual orientation, or gender. Agency and subcontractor(s) will ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. Agency and subcontractors shall comply with provisions of federal law and with the State Fair Employment and Housing Act (Gov. Code sec. 12900, et seq., as amended) and the applicable regulations promulgated thereunder (Calif. Code of Regulations, Title 2, sec. 7285.0, et seq., as amended). Violation of this paragraph is grounds to terminate this Contract for breach, and any loss of revenue sustained by the Lottery by reason thereof will be borne and paid for by Agency.

Agency shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Contract. Agency and its subcontractor(s) shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other contract. Agency and subcontractor(s) will permit access to their records of employment, employment advertisement application forms, and other pertinent data and records by the State Department of Fair Employment and Housing or any agent designated by the Lottery to investigate and to ascertain compliance with the nondiscrimination section of this Contract.

#### 9.10 Subcontracting

Upon written approval from the Lottery Contract Manager, Agency may enter into subcontract(s). Depending upon the nature, scope and subject of the subcontract, the Lottery's Competitive Bidding Procedures, including the requirement that Agency obtain bids from at least three (3) subcontractors, may apply.

Agency's written request to subcontract shall be received by the Lottery Contract Manager prior to executing each subcontract. The request shall: (1) provide verification that each subcontractor agrees to be bound to Agency in the same manner and in all respects as Agency is bound to the Lottery, (2) include a detailed description of the work to be subcontracted and (3) include a copy of each proposed, written subcontract. The Lottery Contract Manager may approve or disapprove a subcontractor at any time.

Nothing contained in any Agency subcontract may create any contractual relationship between the Lottery and subcontractors. Agency agrees to be as fully responsible to the Lottery for the acts and omissions of its subcontractors and persons either directly or indirectly employed by them as it is for the acts and omissions of persons directly employed by Agency.

Agency's obligation to pay its subcontractors is an independent obligation from the Lottery's obligation to make payment to Agency. As a result, the Lottery will have no obligation to pay or to secure payment for any Agency subcontractors.

#### 9.11 Independent Agency

Agency will be an independent agent of the Lottery in the performance of the Contract. Agency will have the sole, absolute and exclusive control of the manner and means of its performance under the terms of this Contract except as expressly set forth herein.

#### 9.12 Joint Ventures and Partnership – Joint and Several Liability

Each participant in a joint venture, proposal, or partnership is jointly and severally liable for the performance of the entire Contract, and each participant shall designate, in writing, one individual having authority to represent Agency in all matters relating to the Contract. The Lottery assumes no responsibility or obligation for the division of orders, purchases, or payments among participants.

#### 9.13 Travel and Expenses

Reimbursement for travel expenses will be negotiated, and all travel is subject to pre-approval by the Lottery Contract Manager. If approved, travel and expenses (including air travel and car rental) will be reimbursed at the current Department of Personnel Administration Approved Travel rates for Non-Represented Employees ([www.dpa.ca.gov](http://www.dpa.ca.gov)). (See also Exhibit E, Cost Audit Guidelines.)

#### 9.14 Standards of Conduct

Agency shall be responsible for maintaining satisfactory standards of employee competency, conduct, appearance, and integrity. Agency is responsible for ensuring that employees do not disturb papers on desks, open desk drawers or cabinets, or use Lottery telephones except as authorized.

#### 9.15 Persons Ineligible for Prizes

Agency's employees who participate in designing, developing and/or conducting specific Lottery draws, promotions, and entries and members of their immediate families are not eligible to receive lottery prizes for tickets purchased for those draws, promotions and/or entries. Immediate family is defined as including a person's spouse, children, brothers or sisters, or parents of that person who reside within the same household of the person. Agency agrees to take all steps necessary to ensure the enforcement of this provision for the duration of this Contract.

#### 9.16 Audit Requirements for Media Purchases

The Lottery Internal Audits Office or its designee may, with reasonable notice, audit selected media purchase invoices and other related documents to confirm media purchase costs. Agency shall, upon request, provide copies of documentation to the Lottery Internal Audits Office or its designee.

Agency shall send written notice to applicable media stations that they shall keep a station billings log or other documentation to verify spots aired. These notices shall also advise the media stations that the logs shall be maintained for four (4) years and, upon 15 days notice, the Lottery's Internal Audits Office or designee may require access to the logs and/or video verification to verify spots billed.

#### 9.17 Internal Control Audit

Agency shall, upon approval of the Lottery Contract Manager, retain an independent certified accounting firm(s) to conduct an independent Internal Control Audit of Agency's control systems. The cost of the external certified accounting firm(s) shall be reimbursed by the Lottery provided it results in the type of report specified by the Lottery's Contract Manager and covers the control examined objectives and the time period he or she sets forth. Audits required pursuant to this section shall occur no more frequently than once every two (2) years.

#### 9.18 Samples

Samples of items, work, goods, materials, products, deliverables, services, advertising, and similar products and efforts may be required by the Lottery for inspection and shall be furnished free of expense to the Lottery.

### **10.0 OWNERSHIP AND DEVELOPMENT**

#### 10.1 Lottery Intellectual Property

- A. Intellectual property owned by the Lottery, including but not limited to trademarks, logos, trade secrets, and copyrights, is hereinafter collectively referred to as "Lottery Property."
- B. Lottery Property is and shall remain at all times the sole and exclusive property of the Lottery.
- C. Unless approved by the Lottery Contract Manager in writing, Lottery Property may not be revised or altered by Agency in any way, and shall be displayed as provided by the Lottery.
- D. Lottery Property shall be used by Agency in a professional manner and solely in connection with the activities authorized under the Contract. Agency shall not permit any third party to use Lottery Property without the express prior written approval of the Lottery. Lottery Property may not be used by Agency in any manner that: diminishes their value or otherwise dilutes the marks; discredits the Lottery or tarnishes the Lottery's reputation and goodwill; is false, misleading or likely to cause confusion; is fake or deceptive; violates the rights of others; violates any federal, state or local law, regulation or other public policy; or mischaracterizes the relationship between the parties, including but not limited to the fact that the Lottery is a separate and distinct legal entity from Agency.

- E. The Lottery shall have the right, from time to time, to request complete samples of use Lottery Property by Agency from which the Lottery may determine compliance with these terms and conditions.
- F. Use of Lottery Property by Agency shall create no rights for Agency in or to such Property or its use beyond the terms and conditions of this Contract. All usage of Lottery Property by Agency shall terminate immediately upon the termination or expiration of this Contract. Agency's obligations to protect Lottery property shall survive the termination or expiration of this Contract.

## 10.2 Ownership of Work Product

- A. The Lottery shall own and retain all right, title and interest in and to all goods, materials, products, deliverables, services and advertising, including all tangible and intangible objects, things, and concepts, outcomes to be achieved, hardware, software, or design products, concepts, media, social networking, or documents and all other results and proceeds of the services hereunder, in all stages of completion, including without limitation all and any and all graphics, designs, artwork, images, reports, documents, materials, techniques, ideas, concepts, logos, slogans, specifications, user interfaces, data, data templates, database structures and fields, outlines, drafts, derivatives, scripts, know-how, algorithms, software, computer code, routines or subroutines, specifications, plans, notes, drawings, designs, text, audiovisual works, inventions, data, information and other items, expressions, works of authorship or work product of any kind that are authored, produced, created, conceived, collected, developed, discovered or made by Agency in connection with the services or which relate in any manner to the services or the deliverables or which result from any work performed by Agency for Lottery, including without limitation any and all copyrights, database rights and other intellectual property rights therein (collectively the "Work Product"). To the maximum extent permitted by law, the Lottery shall be deemed to be the "author" of all Work Product and all such Work Product will constitute "works made for hire" under the U.S. Copyright Act (17 U.S.C. §§ 101 et seq.) and any other applicable copyright law. Agency hereby waives any and all moral rights or equivalent rights under the laws of any applicable jurisdiction (including without limitation rights of integrity and attribution) in and to the Work Product. To the extent that any Work Product does not constitute a work made for hire, Agency hereby irrevocably transfers and assigns to Lottery all right, title and interest in and to the Work Product, including without limitation all copyrights, patents, trademarks and other intellectual property and proprietary rights therein throughout the world.
- B. Agency acknowledges and agrees that without limiting any section herein, the rights vested in and transferred to Lottery in and to the Work Product include without limitation the following:
  - 1. Copyright. The Lottery shall be the sole owner of the undivided interest in all copyrights and all similar or equivalent rights throughout the world in the Work Product, whether vested, contingent or future, including without limitation all economic rights and the exclusive rights to reproduce, fix, adapt, modify, translate, create derivative works from, manufacture, market, introduce in circulation, publish, make available, distribute, sell license, sublicense, transfer,

rent, lease, transmit or provide access electronically, broadcast, display, perform, enter into computer memory, and use the Work Product, all modified and derivative works thereof, all portions and copies thereof in any form.

2. Copyright Moral Rights. Agency and all employees, persons, agents and subcontractors, and other entities who may have claims of moral rights (or similar or equivalent rights under the laws of any jurisdiction) in any part of the Work Product, have agreed or Agency will obtain their agreement that (a) they shall have no objection to publication, use and exploitation of the Work Product as contemplated by this Contract; (b) they shall remain anonymous authors without attribution or credit, acknowledging that the Lottery or its designees may be designated as author; (c) the Lottery or its successors, assigns or licensees may make future modifications and adaptations to the Work Product, and may make disclosure and disposal of the Work Product, and any modifications thereof, in the manner that the Lottery or its successors, assigns or licensees see fit, without any right of approval, withdrawal or public renunciation by such persons; and (d) their remuneration for the Work Product is complete, adequate and reasonable. For any and all such rights in the nature of moral rights or otherwise that are not capable of vesting in or transfer to the Lottery under applicable law, Agency waives and agrees never to assert such rights against the Lottery or its successors, assigns or licensees, and to cause its employees and subcontractors to agree to the foregoing covenants.
3. Patent, Design, Trademark Rights. The Lottery shall be the sole owner of all rights in and to any inventions, designs, database rights, and marks embodied in the Work Product or developed in the course of creation of the Work Product, including without limitation, all utility and design patent rights and equivalent rights in and to such inventions and design rights, and all trade and service mark rights, throughout the world.
4. Exclusive Worldwide License. In the event that by operation of law, notwithstanding Agency's execution of any further documents to effectuate the transfer of rights to the Lottery hereunder, Agency is deemed to have retained rights in any portion of the Work Product, Agency grants to the Lottery, its successors, assigns, and licensees, an exclusive, irrevocable, worldwide, fully-paid, royalty-free license to reproduce, fix, adapt, modify, translate, create derivative works from, manufacture, introduce into circulation, publish, distribute, make available, sell, license, sublicense, transfer, rent, lease, transmit or provide access electronically, broadcast, display, perform, enter into computer memory and use and otherwise exploit the Work Product, all modified and derivative works thereof, all portions and copies thereof in any form, and all inventions, designs and marks embodied therein, throughout the world in all media whether now known or hereafter devised.
5. Rights in Tangible Media. The Lottery shall be the sole owner of all tangible and intangible copies, documents, magnetic or optical media, or other materials, chattel or personal property created by or for Agency in connection with this Contract. Upon written notice from the Lottery, Agency shall deliver to the Lottery all embodiments of the Work Product in electronic and tangible formats

as specified by the Lottery, and/or destroy and certify destruction of all copies of the Work Product in Agency's possession or control. Agency shall maintain the Work Product and other materials of the Lottery in accordance with the Lottery's information security requirements and will certify in writing compliance with such requirements upon request.

6. Applications, Renewals, Further Assignments and Transfers. The rights vested in, assigned to, transferred and/or licensed to the Lottery hereunder include without limitation: (a) the exclusive right to make and secure applications and registrations of copyright and other intellectual property rights; (b) the exclusive exercise of such intellectual property rights for the unlimited, entire period of such rights throughout the world; (c) the exclusive right to renewals, reversions, and extensions of such intellectual property rights; (d) the exclusive right to authorize, transfer, license, sublicense, deal in, dispose of and assign others to own or exercise such rights, title and interests; and (e) the exclusive right to initiate, pursue, prosecute and settle past, present and future claims of infringements relating to such intellectual property rights. Without limitation, Agency acknowledges that all rights of every kind and nature whatsoever in the Work Product may be exploited, assigned and licensed by the Lottery to such third parties as it sees fit, and the Work Product is expressly acknowledged to be specially ordered and commissioned by the Lottery.

### 10.3 Acknowledgments

Agency acknowledges and agrees that the Lottery is the exclusive holder of all copyright, trademark, patent, and other intellectual property and proprietary rights in the Work Product worldwide and that Agency has no right to and will not directly or indirectly reproduce, fix, adapt, modify, translate, create derivative works from, manufacture, market, introduce into circulation, publish, distribute, sell, license, sublicense, transfer, rent, lease, transmit or provide access electronically, broadcast, perform, display, enter into computer memory, or use or exploit the Work Product, or any portion or copy thereof in any form, or any such rights, or authorize or assign others to do so, or derive any other work from concepts, information or elements of the Work Product, except as explicitly permitted by this Contract. In the event that the Lottery provides Agency with technology, software, resource files, tools and other materials with which to prepare the Work Product, Agency will safeguard and use such materials only for the purpose of preparing the Work Product and return such materials and all copies thereof at any time upon request of the Lottery.

### 10.4 Further Assurances

At the Lottery's expense, but without payment of additional compensation, Agency shall execute all documents and take all actions necessary or reasonably requested by Lottery to document, obtain, maintain, perfect or assign its rights to the Work Product. Agency shall also cause its employees, agents and subcontractors to execute such documents and take such actions as described above. If Agency fails or refuses to execute any such instruments within ten (10) business days after the Lottery's request, Agency hereby appoints the Lottery as Agency's attorney-in-fact (this appointment to be irrevocable and a power coupled with an interest) to act on Agency's behalf and to execute such documents. Agency will not contest the validity of the Lottery's rights in the Work Product and will cause its employees, agents and

subcontractors to comply with the foregoing. All such Work Product will be deemed to be the confidential, proprietary and trade secret information of the Lottery.

#### 10.5 Transfers and Consents

Agency shall secure in writing in form satisfactory to the Lottery all transfers of rights and other consents necessary for Agency to make the assignments, licenses and other transfers set forth in this section. Without limitation, Agency shall secure written agreements and consents from its employees and subcontractors that all works created pursuant to this Contract (including the Work Product) fall within the scope of their employment duties or engagement, as applicable, and that all economic rights in such works vest in Agency as the employer and are fully transferable, and Agency shall secure such written transfers of rights and all other required consents from all other persons or entities whose services were, are or will be rendered in connection with the Work Product. Upon request, Agency will provide the Lottery with copies of all such contractual documentation and shall include the Lottery as a third-party beneficiary of such agreements or cause such parties to execute a further acknowledgment and assignment for the benefit of the Lottery if requested.

#### **11.0 INFORMATION SECURITY SYSTEMS AND SERVICES**

Agency shall at all times comply with, and cause all subcontractors to comply with, the Lottery's Information Security Standards, which will be provided to Agency by the Lottery's Information Security Officer.

## **Exhibit C**

### **INCOMPATIBLE ACTIVITIES AND ETHICAL CONDUCT STANDARDS**

#### **GENERAL DISCUSSION**

To maintain public confidence in the Lottery and the games, it is essential that employees conduct themselves and the business of the Lottery with honesty, integrity and impartiality. Employees shall take care to avoid conflicts of interest or even the appearance of conflicts of interest by observing the rules of ethical conduct contained herein. Failure to conform to the standards set forth below may result in such disciplinary measures as the situation may warrant, including informal or formal reprimand, removal from office or termination of employment. This includes all civil service and exempt employees covered by the Lottery Act and includes contract employees.

In addition, due to the particularly sensitive nature of the Lottery and the intense public scrutiny, which the Lottery receives, and under the authority provided to the Lottery Director by the Lottery Act, some special procedures have been established for Lottery employees.

#### **DEFINITIONS**

1. Employee - Includes civil service, temporary, emergency, limited term, seasonal and exempt employees covered by the Lottery Act. Includes those persons employed under the terms of a Personal Services Contract, who are subject to all of the terms of that contract and the contract employment approval process.
2. Person - Includes individuals, firms, corporations, partnerships, associations, other governmental bodies or their agents and representatives.
3. Memorandum of Understanding Provisions - Written agreement between state and a labor organization usually for a definite term, defining conditions of employment.

#### **POLICY GUIDELINES**

1. It is the policy of the Lottery to inform its employees of activities, which are incompatible with their employment and standards for their ethical conduct as Lottery employees.
2. Managers and supervisors are responsible for ensuring that their subordinates are informed of these policies and standards. New employees are to be made aware that in accepting employment they consent to these policies and standards.
3. Employee questions concerning whether a contemplated activity is prohibited or in compliance with this statement should be directed on a confidential basis to employee's immediate supervisor or the Personnel Officer.
4. It is the policy of the Lottery that individuals convicted of any felony, any gambling-related offense (felony or misdemeanor), or any misdemeanor involving moral turpitude, dishonesty or

integrity shall not be employed, appointed, or retained by the Lottery. Exceptions to this policy pertaining to misdemeanor convictions (not related to gambling offenses) may be granted by the Lottery Director or Chief Deputy Director based on the circumstances, on a case by case basis.

5. Employees may be subject to disciplinary action for violations of the policies and standards contained in the Incompatible Activities Policy Statement (Government Code Sections 19570-19588). An employee may appeal a determination of incompatibility through the third level of review, pursuant to the employee grievance procedure.
6. Employees may request exceptions to the Incompatible Activities Policy Statement where Memorandum of Understanding provisions apply. A request for exception should be submitted, in writing, to the employee's immediate supervisor.
7. This statement and subsequent revisions will be implemented by notifying employees of the proposed statement and subsequent changes, in writing, for a period of at least 30 days prior to implementation.

## **STANDARDS OF CONDUCT**

Pursuant to the provisions of Government Code Section 19990, and the approval of the Department of Personnel Administration, the Lottery has determined that the following activities are inconsistent, incompatible or in conflict with the duties, functions or responsibilities of its employees.

1. No employee shall use the prestige or influence of the State or the Lottery for the employee's private gain or advantage, or the private gain or advantage of another.
2. No employee shall use State time, facilities, equipment or supplies for private gain or advantage.
3. No employee shall use confidential information available by virtue of State employment for private gain or advantage or provide confidential information to persons to whom issuance of such information has not been authorized.
4. No employee shall receive or accept money or any other consideration from anyone other than the State for the performance of his/her duties as a Lottery employee or contract employee. This provision does not preclude accepting a meal in return for representing the Lottery at a conference, event, or sponsorship, or as a guest speaker.
5. No employee shall participate in any outside activity knowing that the activity may later be subject, directly or indirectly, to the control, inspection, review, audit or enforcement by the employee in the course of his/her duties at the Lottery.
6. Except as provided below, no employee shall directly or indirectly solicit, receive or pass on to other persons any gift, money, service, gratuity, favor, meal, entertainment, loan or any other thing of value with a fair market value of \$25 or more, regardless of whether the employee reciprocates with a like gift, from anyone who is doing or seeking to do business of any kind with the Lottery, or whose activities are regulated or controlled by the Lottery if the gift, money, service, gratuity, favor, meal, entertainment, loan or any other thing of value may appear to be solicited, received or passed on to another wholly or partially because of the employee's employment with the Lottery.

## Exceptions to Item 6:

1. Employees may accept items having a value of more than \$25 with the approval of the Lottery Director.
2. When attending a conference, convention, seminar or training meeting (conferences), employees may accept the following without regard to the value:
  - a. Promotional items which are generally available to all attendees.
  - b. Food, beverages and entertainment provided in hospitality suites which are generally open to all attendees.
  - c. Meals provided by conference hosts, Agencies, or prospective Agencies or their representatives which are generally available to attendees. For example, the meal might be considered generally available when those invited to the meal represent a number of different entities (lotteries, governmental organizations, companies, etc.).

The purpose of allowing exceptions for conference attendance is to allow open exchange of information. If an employee perceives that an invitation is extended with the specific intent to influence him/her, the employee should decline. Employees are expected to maintain honesty and integrity when deciding to accept or decline food, beverages and entertainment as part of a conference setting. (Note: When a meal is provided as part of a conference, the employee may not claim that meal as a subsistence expense.)

3. No employee or contract employee shall engage in outside employment as defined below without advising his/her manager/supervisor of such employment before starting outside employment. General prohibitions on outside employment to be enforced by the supervisor include:
  - a. Engaging in any employment outside State service, or outside the scope of the contract with the Lottery, compensated or not, which causes either physical or mental fatigue that results in less efficient performance of the employee's or contract employee's State or contract duties.
  - b. Accepting money, gifts, compensation or consideration in any form for service as an official or in any policy-making capacity in a nonprofit or volunteer organization which is involved in any way with Lottery operations within the employee's or contract employee's jurisdiction.
  - c. Accepting money, gifts, compensation or consideration in any form from a person other than the State for performing a duty which the employee, contract employee, or the Lottery would be expected to perform in the course of State or contract business.
  - d. Performing an act in other than the capacity as a State employee or contract employee knowing that such act may later be subject, directly or indirectly, to the employee's or contract employee's control, inspection, review, audit or enforcement.

- e. Engaging in any non-State business which is otherwise clearly inconsistent, incompatible, in conflict with or inimical to his or her duties as a State employee or a contract employee.
4. Each employee who is in a position to influence Lottery decisions about a supplier of goods or services to the Lottery and who has a personal relationship with the supplier, shall immediately notify his/her supervisor of the name of the supplier and the relationship. "Personal relationship" means spouse, child, parent, sibling, household member, "significant other", business associate or personal friend. A "personal friend" is defined as any person with whom the employee is acquainted who can influence the employee to the extent of creating a conflict-of-interest situation or giving the appearance that a conflict-of-interest situation exists.
5. Subject to any other laws, rules, or regulations as pertain hereto, an employee shall devote his/her full time, attention, and efforts to his/her Lottery employment during his/her hours of duty as a Lottery employee.

## **POLITICAL ACTIVITIES**

The law provides guidelines for employees to follow with regard to political activities. Essentially, Government Code Sections 3201-3209 provide:

1. Except as otherwise provided under Government Code Sections 3201-3209, no restriction shall be placed on the political activities of an employee.
2. No employee may knowingly solicit or receive any kind of political contribution from State employees or persons on employment lists. However, this limitation does not prohibit an employee from communicating through the mail or by other means requests for political contributions to a significant segment of the public which may include State employees.
3. No employee may use any official authority to influence or to coerce the vote or political action of any State employee or persons on an employment list. This limitation applies to urging or discouraging an individual's action.
4. An employee may solicit or receive political contributions to promote or defeat a ballot measure which affects rates of payment, hours of work, retirement, civil service or other working conditions of State employees. However, such activity is prohibited during working hours.

## **OTHER CONSIDERATIONS**

1. The Lottery Act requires that the Director shall act, in all decisions, to promote and ensure integrity, security, honesty and fairness of the operation and administration of the Lottery. Under this authority, the Lottery Director, or designee, may evaluate the information on outside employment or current or prior relationships to determine whether there is or may be a conflict with official duties and the steps that are required to eliminate the conflict.
2. Employees are advised that the Lottery Act provides that: "A ticket or share shall not be purchased by and a prize shall not be paid to a member of the commission, any officer or employee of the commission, any officer or employee of the Controller who is designated in writing by the Controller as having possible access to confidential lottery information, programs, or systems, or any spouse, child, brother, sister, or parent of that person who resides within the same household of the person." This provision of the Act does not apply to "in-law" or "step"

relationships (e.g., stepparent, stepchild, mother-in-law, etc.). It does apply to legal adoptive relationships.

3. This statement and the specific activities set forth herein shall not be construed as the sole provisions of law or administrative rules that shall be observed by the employees of the Lottery. The Lottery Director or the Commission may specify additional prohibited activities generally or for designated individuals by an order directed to the individual or persons to whom it applies.

## **EXCEPTIONS TO POLICY**

Employees may request exceptions to this Incompatible Activity Policy Statement where Memorandum of Understanding provisions apply. A request for exception should be submitted, in writing, to the employee's immediate supervisor.

## **APPEAL PROCESS**

1. A determination by the employee's supervisor that an activity is in conflict with the employee's duties or responsibilities may be appealed through the third level of the grievance procedure as provided below. The decision of the Lottery Director shall be final.
2. An employee may appeal a determination of incompatibility under this policy through the employee grievance procedure. However, in all cases the final level of review in the process shall be the Lottery Director or his/her designee.

## **QUESTIONS/MAINTENANCE**

Questions regarding this policy should be directed to the Personnel Office. The Personnel Office is responsible for maintaining this policy.

## **REFERENCE**

Government Code, Section 19990

Government Code, Sections 3201-3209

Incompatible Activities Policy Statement (Government Codes 19570-19588)

Lottery Act

## Exhibit D

### CALIFORNIA LOTTERY ACT Government Code, Title 2, Division 1, Chapter 12.5

#### Section 8880.57. Disclosures

In order to allow an evaluation of the competence, integrity, and character of potential Lottery Contractors for the California State Lottery, any person, corporation, trust, association, partnership, or joint venture that submits a bid, proposal, or offer as part of procurement for a Contract for any goods or services for the California State Lottery, other than materials, supplies, services, and equipment which are common to the ordinary operations of state agencies, shall comply with each of the following:

- (a) Agencies, as required by the Lottery, shall disclose the Agency's name and address and, as applicable, the name and address of the following:
  - (1) If the Agency is a corporation, the officers, directors, and each owner, directly or indirectly, of any equity security or other ownership interest in the corporation. However, in the case of owners of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to beneficially own 5 percent or more of the publicly held securities need be disclosed.
  - (2) If the Agency is a trust, the trustee and all persons entitled to receive income or benefit from the trust.
  - (3) If the Agency is an association, the members, officers, and directors.
  - (4) If the Agency is a subsidiary, the officers, directors, and stockholders of the parent company thereof. However, in the case of owners of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to beneficially own 5 percent or more of the publicly held securities need be disclosed.
  - (5) If the Agency is a partnership or joint venture, all of the general partners, limited partners, or joint venturers.
  - (6) If the parent company, general partner, limited partner, or joint venturer of any Agency is itself a corporation, trust, association, subsidiary, partnership, or joint venture, then the disclosure of information needed to determine ultimate ownership. However, in the case of owners of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to beneficially own 5 percent or more of the publicly held securities need be disclosed.
  - (7) If the Agency proposes to subcontract any substantial portion of the work to be performed to a subcontractor, then all of the information required in this section shall be disclosed for the subcontractor as if it were itself a Agency.
- (b) After receipt of a bid, proposal, or offer, but prior to the award of a Contract, the Commission may require a potential Lottery Contractor to provide any or all of the following information:

- (1) A disclosure of all the states and jurisdictions in which the Agency does business, and the nature of that business for each state or jurisdiction.
  - (2) A disclosure of all the states and jurisdictions in which the Agency has Contracts to supply gaming goods or services, including, but not limited to, lottery goods and services, and the nature of the goods or services involved for each state or jurisdiction.
  - (3) A disclosure of all the states and jurisdictions in which the Agency has applied for, has sought renewal of, has received, has been denied, has pending, or has had revoked a gaming license of any kind, and the disposition in each state or jurisdiction. If any gaming license has not been renewed or any gaming license application has been either denied or has remained pending for more than six months, all of the facts and circumstances underlying this failure to receive a gaming license shall be disclosed.
  - (4) A disclosure of the details of any conviction or judgment of a state or federal court against the Agency of any gambling-related offense, or criminal offense other than traffic violations.
  - (5) A disclosure of the details of any bankruptcy, insolvency, or reorganization, or any judgment or pending litigation involving fraud or deceit against the Agency.
  - (6) A disclosure for each Agency of the employment, residence, educational, and military history since the age of 18 years of any of its owners, directors, members, officers, employees, or agents identified by the Lottery.
  - (7) A disclosure consolidating all reportable information on all reportable contributions by the Agency to any local, state, or federal political candidate or political committee in this state for the past five years that is reportable under any existing state or federal law.
  - (8) A disclosure of the identity of any entity with which the Agency has a joint venture or other Contractual arrangement to supply any state or jurisdiction with gaming goods or services, including, but not limited to, lottery goods or services; including a disclosure with regard to the entity of all of the information requested under paragraphs (1) to (8), inclusive.
  - (9) In the instance of a procurement for the printing of lottery tickets, for goods or services involving the receiving or recording of number selections, or for goods or services involving the determination of winners, an additional disclosure consisting of the individual federal and state income tax returns for the past three years and a current individual financial statement for each Agency and any of the Agency's owners, directors, members, officers, employees, or agents identified by the Lottery. The disclosures provided in this paragraph shall be considered confidential and shall be transmitted directly to the Deputy Director for Security and the Attorney General for their review.
  - (10) Any additional disclosures and information as may be appropriate for the procurement involved as determined by the Commission.
- (c) With respect to the persons or entities described in paragraphs (1) to (7), inclusive, of subdivision (a), the Commission may request the disclosure of any information required in subdivision (b), which shall be relevant to the award of any Contract.

(d) No Contract with any Agency who has not complied with the disclosure requirements described in this section shall be entered into or be enforceable. Any Contract with any lottery Contractor who does not comply with these requirements for maintaining the currency of the disclosures during the term of the Contract as may be specified in the Contract may be terminated by the Commission. In addition, the Commission may deny or cancel a Contract with a lottery Contractor or any of the persons or entities included in paragraphs (1) to (7), inclusive, of subdivision (a) if any of the following apply:

- (1) False statements have been made in any information which is required under this section.
- (2) Any of the persons or entities have been convicted of a crime punishable as a felony.
- (3) Any of the persons or entities have been convicted of an offense involving dishonesty or any gambling related offense.

(e) This section shall be construed broadly and liberally to achieve the end of full disclosure of all information necessary to allow for a full and complete evaluation of the competence, integrity, and character of potential suppliers of the California State Lottery Commission.

Rev. 1/1/05

## Exhibit E

### COST AUDIT GUIDELINES

An approved estimate shall be on file at the Lottery for all invoices received.

- Subcontracted Work. All estimates for subcontracted work shall be submitted from the Agency, specifying Agency job number and product/project. The Agency is solely responsible for processing of all subcontractor estimates. Agency shall retain and make available upon request documentation verifying cost breakdowns. All subcontractor documentation is subject to the same guidelines set for Agency invoicing.
- Production. All production estimates shall be submitted with copies of competitive bids obtained and, if not using the lowest bid, a justification of why the lowest bid is not being used shall be attached. Line item descriptions will reflect only those line items included in the job estimate. Line item documentation that includes line items not on original or revised estimate will not be reimbursed.

Documentation shall verify that no more than 50% of a TV advertising production estimate with “pre-bill” backup, billed prior to service. Documentation shall verify that the remaining 50% was invoiced after service was performed and shall include backup for the entire job.

“Pre-bill” refers to the TV advertising production subcontractor’s invoice which states the estimated cost for production and requires 50% advance payment. Agency is obligated to pay the 50% of the production estimate upon presentation of a pre-bill by the subcontractor. Agency shall retain the pre-bill as backup to its own invoice without commission for payment under this Exhibit.

- Media. Agency shall maintain documentation that supports invoices, and which shall include an industry standard summary report (such as the Donovan Data System or any similar report). Agency shall submit such documentation to the Lottery upon request. Media invoices will only be paid upon completion of the broadcast months. All media credits shall be submitted to the Lottery as soon as possible. Within 120 days of the completion of the flight, Agency shall provide to the Lottery a closeout estimate generated from the automated media system.

Individuals designated by the Lottery shall, with reasonable notice, have access to review verification documentation required by this Exhibit, as well as, selected Agency media purchase invoices and other related documents (e.g., station affidavits, video verification) to confirm media purchase costs. These reviews may take place at the Contractor’s office during regular business hours or may be conducted by submission of written material to the Lottery.

- Shipping/Freight Charges. Agency is expected to utilize lowest cost modes and carriers to safely transport their shipment. Shipping costs should be submitted on a separate invoice from all other production costs in order to expedite payment. Shipping/Freight charges included in production invoices may delay full payment of the invoice. All shipping/freight charges over \$25.00 shall have supporting pre-paid freight bills available upon request. All shipping/freight rates shall meet Department of General Services (DGS) guidelines. When freight charges are expected to exceed two hundred dollars (\$200), Contractor shall contact DGS Traffic Management to ascertain the lowest priced freight company and shall utilize that company for that shipment.

- Travel. **Shall have prior approval from the Lottery**. Pre-approved travel and expenses (including air travel and car rental) will be reimbursed at the current Department of Personnel Administration (DPA) Approved Travel rates for Non-Represented Employees (refer to DPA web site [www.dpa.ca.gov](http://www.dpa.ca.gov)).
- Miscellaneous Costs. Shall be itemized with backup receipts.
- Revised Estimates. A revised estimate reflecting all services or charges which may amount to more than 10% of the original estimate shall be approved by the Lottery prior to additional performance and shall be accompanied by a written justification stating why the increase in cost was necessary. The requirement for a written justification shall apply to multiple revised estimates where each is less than 10% of the original estimate but the combined total exceeds 10% of the original estimate. Revised estimates should also include previous approved amounts and/or history of amounts.

All canceled jobs shall be followed by a revised closed estimate reflecting all canceled portions of the job and any expenses actually incurred prior to cancellation.

All jobs which are closed under the original estimate amount shall be followed by either a revised estimate or a document agreeable to both parties reflecting the actual closing amount. Once an estimate is closed, no further billing can be submitted. The Agency is required to mark "Closed" on the last invoice to be submitted to the Lottery for payment for each job.

Agency may not change Lottery assigned estimate or invoice numbers after Lottery approval without prior approval by the Lottery Contract Manager.

## Exhibit F

### PRODUCTION PROP POLICY

The Lottery, through contracted or subcontracted advertising agencies, may purchase props to be used in production of print and television advertising and special events. The purpose of this policy is to outline the procedure to be followed for disposing of props used in the production of commercials or special events for the Lottery. This policy pertains to any and all props (including wardrobe, furniture, household supplies, etc.) built, rented or purchased for the Lottery.

Written into each original contract between the Contractor and a production house will be a clause stating that within thirty (30) days of the completion of production, all props shall be turned over to the Contractor. The Contractor shall return or distribute props according to the following:

- Props which were rented shall be returned to the rental company. If a credit is due, the Contractor shall receive the monies and shall credit the Lottery on the following month's billing for the amount of money received.
- Props with a retail value at more than \$1,000 shall be returned to the Lottery at the end of each quarter, along with a list of the items being returned and which production the items appeared in. The Contractor shall notify the Lottery prior to shipping the items to the Lottery. Contractor may submit an estimate to the Lottery to cover the cost of shipping the items to the Lottery. Upon receipt, the Lottery shall determine how the items will be disbursed.

The props and list shall be forwarded to the following address:

California Lottery  
Attn: Marketing Division  
600 North 10th Street  
Sacramento, CA 95811

Attachment 1

AGENCY FACT SHEET

Agency Name: FOUNDING DATE: (Mo/Year)  
Street Address:  
City, State, Zip Code: NUMBER OF LOCAL EMPLOYEES: xx  
Phone:  
Fax:  
E-Mail:

Please provide brief answers with one or two line breaks between each section. Please limit your Fact Sheet to one page by making your answers as succinct as possible.

- PARENT COMPANY/AFFILIATION
- PHILOSOPHY THAT HAS LED TO YOUR SUCCESS
- KEY STRENGTHS/SPECIAL EXPERIENCE
- TOTAL CAPITALIZED FEES AND BILLINGS (provide both):  
2007 - \$XX million      2008 - \$XX million      2009 - \$xx million (estimated)
- COMPLETE CLIENT LISTING
- CATEGORY CONFLICTS
- PERCENTAGE BREAKDOWN BY MEDIA:  

Television		Print		Other	
Network	X%	Newspapers	X%	Outdoor	X%
Spot	X%	Consumer Pubs	X%	Direct Mail	X%
Syndicated	X%	Trade	X%	Radio	X%
Cable	X%			Digital Marketing	X%

Attachment 2

AGENCY QUESTIONNAIRE

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

Address: \_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Names and Titles of Principals: \_\_\_\_\_  
\_\_\_\_\_

Key Business Contact \_\_\_\_\_ Phone: \_\_\_\_\_

**A. Agency Positioning, Vision, Philosophy**

1. Positioning. How does your agency differ from the agencies with whom you usually compete?
2. Vision. What vision do you have for your company? Where do you see your agency five years from now?
3. Philosophy. What overall philosophy or credo do you operate by?
4. Integrated/Digital Approach. Please indicate, (at a high level, and as appropriate) how you integrate digital work, or that of multiple communications channels, into your approach. Is digital a natural area of activity resulting from a holistic channel-neutral methodology, or is it an area of focus? Do you practice communications planning? What role does data play for your agency?

**B. Agency Strengths and Special Experience**

1. Key Strengths. Describe the kinds of accounts or categories in which you believe you have special strengths.
2. Special Experience. Is there anything special about your agency experience, expertise or modus operandi that a new business prospect should know about?

**C. Agency History, Ownership, Current Size and Key Employees**

1. Founding Date. When was your office opened?
2. Mergers and Acquisitions. List any subsequent mergers, acquisitions or name changes.
3. Current Ownership. Who are the current owners of your agency?
4. Current Size. Summarize the total billings, number of employees and number of accounts currently being handled directly by your office.
5. Key Executives. Provide a short biography of no more than six of your office's key executives and describe their current roles.

#### **D. Current Clients, Account Gains and Losses**

1. Current Clients. List all current clients—brands, products and services—managed by your office. Rank them by size, indicate the services provided, the dates they were acquired and, if possible, approximate budget ranges for each.
2. Account Gains. Of the accounts acquired within the past two years, please comment on why your agency was chosen to service these new accounts.
3. Account Losses. Of the accounts lost in the past two years, explain why they left or were resigned by the agency.

#### **E. Agency Billings History and Current Distribution by Media**

1. Billings and Revenue. Chart your agency's gross billings for the past three years and your forecast for the coming year.
2. Spending by Media. Chart your agency's current spending by media—network TV, spot TV, radio, outdoor, newspapers, consumer magazines, trade publications, digital, direct response, etc. Provide rough figures and percentages by media.

#### **F. Scope and Nature of Agency Services**

1. Agency Services. List the various services offered by your agency and the number of full time employees dedicated to each department (e.g. account management, strategic services (including account and communications planning, research, etc.), creative (including digital), media planning and buying (including digital media, social media, SEM), production (broadcast, online, print production, etc.), direct and CRM, PR, promotion and experiential marketing.)
2. Digital Services. In addition to any digital services listed above, please describe established strengths and capabilities in the digital realm including your online marketing affinity, website development, ecommerce, site hosting and maintenance, and database analytics and maintenance capabilities. Please indicate if you rely upon a trusted partner(s) for all or one of these tasks. Feel free to include any process charts, to illustrate your specific approach.
3. Other Specialized Services. List any other specialized services your agency offers to its clients, either directly or indirectly through its parent or sister companies, subsidiaries or network of affiliations.
4. Media Management. Describe your capabilities and strengths in media research, planning, buying, monitoring and overall stewardship of your clients' funds. Please make sure you address traditional as well as digital media as applicable.
5. Use of Media Buying Services. If all or a certain portion of your clients' media is not planned or purchased by your agency, please indicate with whom the agency works in this regard.

#### **G. Agency Work Process and Case Histories**

1. Work Process and Practices. Describe your agency's work process (if you use a specific discipline), and any particular practices you employ that help you produce consistently effective advertising. How do you see your clients' role in the strategic and creative development processes?
2. Case Histories. Present up to three brand building case histories on behalf of your clients as follows (Agencies shall limit their response to no more than two pages per case history) :
  - Name of product or service
  - Key problem the advertising had to overcome
  - Creative strategy (convince target audience that...)
  - Executional elements

- Market results
- Key strategic insight or brief rationale as to what made this case history so successful / remarkable

## **H. References**

1. Client references. List 6 client references (name, title, company, address, telephone, email and fax number) our client might speak with about the effectiveness of your creative. The Lottery reserves the right to contact any of the clients listed as references at any time during the evaluation process.

\_\_\_\_\_  
Agency

**Attachment 3**

**CERTIFICATION  
(Page 1 of 6)**

**I. AGENCY INFORMATION**

Name of Agency: \_\_\_\_\_

Address: \_\_\_\_\_

State/City/Zip Code: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Telephone: \_\_\_\_\_

Email: \_\_\_\_\_ FAX: \_\_\_\_\_

List person(s) legally authorized to contractually bind the Agency.

1. \_\_\_\_\_  
(Name) (Title)

\_\_\_\_\_  
(Address)

2. \_\_\_\_\_  
(Name) (Title)

\_\_\_\_\_  
(Address)

(Attach additional pages if needed.)

**II. AGENCY CERTIFICATION**

By executing this Certification, the Agency acknowledges that failure to comply with any of this Certification's terms may result in disqualification from participation in the solicitation. The Agency has reviewed, agrees to and certifies the following:

- a. The Agency meets all minimum qualifications specified in the section entitled "Agency Qualifications".
- b. The Agency agrees the Lottery shall not be liable for any of the costs incurred by Agency in preparing, submitting, or otherwise participating in a response to this solicitation.
- c. The Agency's response to the solicitation constitutes an irrevocable offer for 180 days following the date proposals are due to the Lottery.
- d. The Agency has made no attempt to induce any other person or entity to submit or not to submit a proposal.

## Attachment 3

### CERTIFICATION (Page 2 of 6)

- e. The prices in the proposal have been developed and calculated independently, without consultation, communication or agreement on any matter relating to such prices with any other agency or competitor for the purpose of restricting competition or providing a competitive advantage.
- f. The Agency has read the solicitation, understands it and agrees to comply with all Terms and Conditions.
- g. The Agency agrees to provide insurance/bond coverage as described in the Contract Terms and Conditions.
- h. Recognizing that initial payments to the Contractor may be delayed approximately forty-five (45) days, the Agency has sufficient resources to meet his/her obligations during this forty-five day period.

### III. CONTRACTOR CERTIFICATION CLAUSES

By executing this Certification, the prospective Contractor or his legally authorized representative, certifies under the penalty of perjury that the prospective Contractor has reviewed and agrees to be legally bound to the following Contractor Certification Clauses.

- A. STATEMENT OF COMPLIANCE: Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)
- B. DRUG-FREE WORKPLACE REQUIREMENTS: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:
  - 1. Publish a statement notifying employees that unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
  - 2. Establish a Drug-Free Awareness Program to inform employees about:
    - a. the dangers of drug abuse in the workplace;
    - b. the person's or organization's policy of maintaining a drug-free workplace;
    - c. any available counseling, rehabilitation and employee assistance programs; and,
    - d. penalties that may be imposed upon employees for drug abuse violations.

## Attachment 3

### CERTIFICATION (Page 3 of 6)

3. Every employee who performs work pursuant to the proposed Agreement will:
  - a. receive a copy of the company's drug-free workplace policy statement; and,
  - b. agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

- C. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

- D. SWEATFREE CODE OF CONDUCT:

1. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been or will be produced or laundered in whole or in part by sweatshop labor, forced labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that it adheres to the Sweat free Code of Conduct as set forth on the California Department of Industrial Relations website located at [www.dir.ca.gov](http://www.dir.ca.gov).
2. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the contractor compliance with the requirements under paragraph 1.

- E. DOMESTIC PARTNERS: For contracts executed or amended after July 1, 2004, the contractor may elect to offer domestic partner benefits to the contractor's employees. The contractor cannot require an employee, on the basis of marital or domestic partner status, to cover the costs of providing any benefits which have otherwise been provided to all employees.

## Attachment 3

### CERTIFICATION (Page 4 of 6)

#### IV. DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

- A. CONFLICT OF INTEREST: Contractor is aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency shall be contacted immediately for clarification.

##### Current State Employees:

1. No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
2. No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

##### Former State Employees:

1. For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
2. For the 12-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.
3. If Contractor violates any provisions of the above paragraphs, such action by Contractor shall render this Agreement void.
4. Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem.

### Attachment 3

#### CERTIFICATION (Page 5 of 6)

- B. LABOR CODE/WORKERS' COMPENSATION: Contractor is aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)
- C. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)
- D. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:
1. The Contractor certifies it is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
  2. The Contractor certifies that it is in good standing with the California Secretary of State's Office.
- E. AIR OR WATER POLLUTION VIOLATION: The Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.
- F. PAYEE DATA RECORD FORM STD. 204: This form shall be completed by all contractors that are not another state agency or other governmental entity.

#### V. CONFIDENTIALITY STATEMENT

- A. I warrant that the *Contractor/Agency* and its employees will not disclose any document, diagrams, and relative information, made available to it by the Lottery for the purpose of responding to this solicitation or in conjunction with any contract arising there from. I warrant that only those employees who are authorized and required to use such material will have access to them.

**Attachment 3**

**CERTIFICATION  
(Page 6 of 6)**

B. I further warrant that all materials provided by the Lottery will be returned promptly after use and all copies or derivations of the materials will be physically and/or electronically destroyed. I will include with the returned materials, a letter attesting to the complete return of materials and documenting the destruction of copies and derivations. Failure to comply will subject this company to liability, both criminal and civil, including all damages to the Lottery and third parties. I authorize the Lottery to inspect and verify the above.

C. I further warrant that if awarded the contract, *Contractor/Agency* will not disclose to any third party information pertaining to the contract prior to receiving the written consent of the Lottery, and written confirmation from the Lottery that such third party has entered into a written agreement with the Lottery governing the conditions under which such third party may receive information from *Contractor/Agency* pertaining to the contract.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the Agency and prospective Contractor to the clause(s) listed above and that the signature affixed below and dated constitutes a certification that all information provided by the Agency and prospective Contractor, is true and correct as written and made under the laws of the State of California.

<i>Contractor/Agency Firm Name (Printed)</i>
<i>By (Authorized Signature)</i>
<i>Printed Name and Title of Person Signing</i>
<i>Date Executed</i>

**Attachment 4**

**GUARANTY  
(Page 1 of 2)**

This Guaranty is to be completed by the agency or parent company of agency. Check one of the boxes (A or B) below. The agency or parent company shall sign the Guaranty as appropriate and submit this Guaranty with its proposal package.

- A. In the event that the agency is not a subsidiary corporation, it will be deemed that the agency guarantees performance under any contract resulting from this RFP with the full force and credit of all its assets.
- B. If the agency is a subsidiary corporation, it shall have this Guaranty completed by the parent corporation to guaranty the full and prompt performance of all covenants, terms and conditions, and contracts resulting from this RFP for the term of the contract.
1. The parent company \_\_\_\_\_ (company name) has the financial ability to meaningfully support such guaranty;
  2. The official signing of this Guaranty is authorized to bind the guarantor corporation;
  3. Accepts unconditional responsibility for all performance and financial requirements and obligations of the contract;
  4. For good and valuable consideration, receipt of which is hereby acknowledged, the Guarantor is making the guaranty;
  5. The Guarantor stipulates that if the contract is ultimately awarded to the subsidiary, the Lottery will do so in reliance upon the guaranty;
  6. The undersigned corporate officer warrants: (1) that he or she has personally reviewed all pertinent corporate documents, including but not limited to articles of incorporation, bylaws and agreements between the parent and the subsidiary; and (2) that nothing in these documents in any way limits the capacity of the parent to enter into the contract or guaranty;

**Attachment 4**

**GUARANTY  
(Page 2 of 2)**

7. The Lottery need not take any action against the agency, any other guarantor, or any other person, firm, or corporation, or resort to any security held by it at any time before proceeding against the Guarantor and the Guarantor hereby waives any and all notices and demands which may be required to be given by any other statute or rule of law and agrees that its liability hereunder will be in no way affected, diminished, or released by any extension of time, forbearance, or waiver which may be granted the agency, its successor, or assignee, and that this guaranty will extend to and include all future amendments, modifications, and extensions of the contract and all future supplemental and other agreements with respect to matters covered by the contract which the Lottery and agency may enter into, with or without notice to or knowledge of Guarantor but Guarantor will have the benefit of any such extension, forbearance, waiver, amendment, modifications, or supplemental obligations of Guarantor hereunder will be coextensive with but not in excess of the obligations of its successor or assignee under the contract.

Guarantor agrees that unless otherwise agreed to by the Lottery the guaranty shall continue in full force and effect despite any change in the legal or corporate status of the subsidiary, including but not limited to its sale, reorganization, dissolution or bankruptcy.

I, \_\_\_\_\_, certify that I am authorized to sign and bind my company to this Guaranty.

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

\_\_\_\_\_  
Date

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

# California Lottery

RFP #4945  
General Market Advertising Services

## ATTACHMENT 5

(Page 1 of 5)

**MANDATORY**

DISABLED VETERAN BUSINESS  
ENTERPRISE PARTICIPATION  
(DVBE)

3% OR GOOD FAITH EFFORT

## Attachment 5

### MANDATORY DISABLED VETERAN BUSINESS ENTERPRISE PARTICIPATION (Page 2 of 5)

#### Instructions

The State of California recognizes disabled veterans for their service by establishing the Disabled Veteran Business Enterprise (DVBE) Participation Program. The program is intended to further veteran's participation in state contracting, promote competition and encourage greater economic opportunity.

Military and Veterans Code, section 999.2 et. seq. requires the Lottery to attain a DVBE goal of three percent (3%) per year. The goal applies to an agency's total yearly dollar amount expenditure. Departments have the discretion to include the participation within individual contracts.

The Lottery has set the DVBE requirement at 3% for this RFP. Agencies may meet this requirement by contracting with DVBE subcontractors or by qualifying as a DVBE. DVBEs shall perform a commercially useful function related to the bids specifications. The Lottery will assess whether Agencies have met the 3% requirement by comparing Agencies stated DVBE percentage from its Subcontractor Form(s) to the Agency's Price Sheet. Agencies may also meet the DVBE requirement by documenting that they have made a Good Faith Effort (as described below).

A DVBE may also qualify as a small business if it independently meets the Small Business Participation Program requirements (see Attachment 7).

All Good Faith Effort steps as listed below (a through d) are mandatory. **If Step b is identified as optional, all other steps shall still be completed:**

- a. Contact state (Department of General Services' Website, [www.dgs.ca.gov](http://www.dgs.ca.gov)), or the Lottery's Contract and Procurement Services Section or federal agencies or DVBE organizations, etc., to identify and recruit DVBEs.
- b. **(Mandatory):** Agencies shall publish two (2) ads: one (1) each in a trade paper or publication and one (1) in a focus DVBE paper or publication, unless the trade paper or publication is a dual purpose fulfilling both trade and focus requirements (in which case one (1) ad is acceptable).
- c. Document that invitations to bid were submitted to potential DVBE Contractors and that the DVBEs were contacted (attach list of contacts and/or attempted contacts made).
- d. Identify any responding DVBE(s) by filling out the appropriate DVBE attachments to reflect the percentage of DVBE participation achieved.

To be eligible for certification as a Disabled Veteran Business Enterprise, your business:

- Shall be at least 51% owned by one or more disabled veterans;

## **Attachment 5**

### **MANDATORY DISABLED VETERAN BUSINESS ENTERPRISE PARTICIPATION (Page 3 of 5)**

- Your daily business operations shall be managed and controlled by one or more disabled veterans [the disabled veteran(s) who manages and controls the business is not required to be the disabled veteran business owner(s)], and,
- Your home office shall be located in the U.S. (the home office cannot be a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business).
- For certification purposes, a “disabled veteran” is: A veteran of the U.S. military, naval, or air service; has a service-connected disability of at least 10% or more; and shall be a California resident.

DVBE firms or subcontractors shall currently be certified (or document that certification is pending) by the Department of General Services. Agencies shall provide a copy of the certification and the attached Disabled Veteran Business Enterprise forms. Contact the Department of General Services DVBE with certification process questions, or visit DGS's Website at [www.dgs.ca.gov](http://www.dgs.ca.gov).

The successful Agency shall provide annual DVBE reports upon contract execution, to the Lottery's Contract and Procurement Services Section.

*(Revised 05/06)*

**Attachment 5**  
**DISABLED VETERAN BUSINESS ENTERPRISE (DVBE)**  
**SUBCONTRACTORS TO BE UTILIZED**  
**(Page 4 of 5)**

*Complete and sign this form for each DVBE subcontractors to be utilized.  
Please duplicate this page for additional DVBE businesses.*

---

Name of DVBE \_\_\_\_\_ Contact Person \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_ Email \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Goods/Services to be provided \_\_\_\_\_

---

Percentage of Participation \_\_\_\_\_%

Certifying Agency \_\_\_\_\_ Certification # \_\_\_\_\_  
(include copy of certification document)

Type of Business: Sole Owner \_\_\_\_\_ Corporation \_\_\_\_\_ Joint Venture \_\_\_\_\_  
Partnership \_\_\_\_\_ Other \_\_\_\_\_

---

By signing below, the Agency indicates its intent to utilize the DVBE(s) identified above as part of the contract associated with this solicitation, as applicable. The Agency also certifies that all information contained herein is true and correct.

\_\_\_\_\_  
**Agency's Authorized Signature**

\_\_\_\_\_  
**Date**

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

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

---

By signing below, the DVBE certifies it has been contacted, and has expressed interest in participating in the contract in the area of work identified. This form shall be signed by the person legally authorized to contractually bind the Agency.

\_\_\_\_\_  
**DVBE's Authorized Signature**

\_\_\_\_\_  
**Date**

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

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

**Attachment 5**  
**DECLARATION OF COMPLIANCE**  
**FOR DISABLED VETERAN BUSINESS**  
**ENTERPRISE (DVBE) PARTICIPATION**  
(Page 5 of 5)

Complete and sign this form certifying all the information is true and correct. This form shall be signed by the person legally authorized to contractually bind the Agency.

**Declaration**

I declare under penalty of perjury that the information provided in this Attachment is true and correct. (Please check only one)

Check this box if your firm is itself a certified Disabled Veteran Business Enterprise.

OR

Check this box if your firm will provide DVBE subcontracting participation of 3% or more under any contract resulting from this procurement. (Note – Compliance with Good Faith Effort steps optional and not evaluated if participation is 3% or more)

OR

Check this box only if your firm will be subcontracting less than 3% participation under a contract resulting from this procurement, but your firm completed the Good Faith Effort steps and will subcontract \_\_\_% (less than 3 but more than zero) participation. (Note - Compliance with Good Faith Effort steps will be evaluated)

OR

Check this box if your firm completed the Good Faith Effort steps required, but is unable to provide DVBE participation. (Note - Compliance with Good Faith Effort steps will be evaluated)

Executed on \_\_\_\_\_ in the City of \_\_\_\_\_ State of \_\_\_\_\_  
Month/Date/Year

Agency's Name \_\_\_\_\_

Address \_\_\_\_\_

Signature \_\_\_\_\_ Date: \_\_\_\_\_  
Authorized Representative

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

Title \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

# California Lottery

RFP #4945  
General Market Advertising Services

## ATTACHMENT 6

(Page 1 of 7)

OPTIONAL

SMALL AND MICROBUSINESS  
PARTICIPATION (SMP)

Small Business Preference (SBP)  
Non-small Business Preference

SBP Goal 25%

**Attachment 6**  
**SMALL AND MICROBUSINESS PARTICIPATION (SMP)**  
**(Page 2 of 7)**

**Small Business Preferences/Definition**

The Small Business Procurement and Contract Act (Gov. Code Section 14835 et. seq.) requires that a fair share of the State's purchases and contracts for goods, information technology, services and construction be placed with small business or microbusiness. In order to facilitate the participation of these businesses, the Act requires state agencies to: (1) establish small business participation goals, (2) provide a 5% small business preference; and (3) provide a nonsmall business preference of up to a maximum of 5% for Agencies utilizing small business or microbusiness as subcontractors.

**Small Business Participation Goal and Small Business or Microbusiness Agency Preference**

Based upon the nature of the goods/services to be utilized under this solicitation (as outlined in the Scope of Services, Exhibit A), the Lottery has set a Small Business Participation Goal of 25%. Agencies who qualify as a small or microbusiness have met this participation goal by virtue of their small business status.

For bid evaluation purposes, where there is at least one non-small business Agency subcontracting at least 25% of its bid amount to one or more small businesses, the Lottery will calculate the preference by computing an amount not to exceed 5% from the lowest, responsible bid of a non-small business Agency that is not a small business, or that is not subcontracting to a small business. The preference amount will be deducted from the bids of the non-small business Agency's subcontracting at least 25% of their bid amounts to small businesses.

For bid evaluation purposes, where there is at least one small business Agency, the Lottery will calculate the preference by computing an amount not to exceed 5% from the lowest, responsible bid of a non-small business Agency that is not a small business. The preference amount will be deducted from the small business' bid amount.

During the contract term, the contractor's SBP compliance will be calculated based on the contractor's completed work as verified by an audit of contractor's invoices and contractor's payments to designated subcontractors.

**Definition**

To be eligible for the Small Business Preference as a "small business", a company shall be an independently owned and operated business, not dominant in its field of operation, with its principal place of business located in California and officers domiciled in California, and which together with affiliates is:

- A service, construction or non-manufacturer with 100 or fewer employees and an average annual gross receipts of fourteen million dollars (\$14,000,000) or less over the previous three years, **or**

**Attachment 6**  
**SMALL AND MICROBUSINESS PARTICIPATION (SMP)**  
**(Page 3 of 7)**

- A manufacturer with 100 or fewer employees. A manufacturer is a business that is:
  - (1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products; and
  - (2) Classified between Codes 2000 to 3999, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition.

A "microbusiness" is a small business that, together with affiliates, has average annual gross receipts of three million five hundred thousand dollars (\$3,500,000) or less over the previous three years, or is a manufacturer, as defined above, with 25 or fewer employees.

If a proposing Agency is currently certified as a small or microbusiness by the Department of General Services, Office of Small Business and DVBE Services, or any city, county, federal, etc. certifying office, only a copy of that certification is required (to be certified small or microbusiness, visit the DGS website at [www.pd.dgs.ca.gov/smbus](http://www.pd.dgs.ca.gov/smbus)). The successful Agency will be required to provide this information for the small or microbusiness enterprises to be utilized as subcontractors.

The successful Agency's small and microbusiness participation goal will become part of the contract resulting from this solicitation with the Lottery. The Lottery will monitor contractor compliance by requiring annual reports.

Agencies requesting either of the Small Business Participation Preferences are required to complete and submit the required forms.

(Revised 12/05)

**Attachment 6**  
**SMALL BUSINESS AND MICROBUSINESS PARTICIPATION – 25%**  
(Page 4 of 7)

**INSTRUCTIONS/FORMS**

Based on the type of goods/services sought in this solicitation, the Lottery has established a small business and microbusiness participation goal of 25% for a rating preference of up to 5%. Agencies shall complete and sign the forms provided regarding the goal. If subcontracting less than the small business goal set for this solicitation (25%), Agencies should state the actual percentage of participation they will provide as part of the Declaration of Compliance Form. Agencies providing less than the 25% participation goal will receive a prorated preference.

---

**General Information**

Agency's Name \_\_\_\_\_

Contact Person \_\_\_\_\_ Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

**Small Business or Microbusiness Subcontractors to be Utilized Form**

Complete and sign this form for all small business and microbusiness subcontractors that you plan to utilize as part of your small business participation. Please duplicate this page for additional companies.

**Small Business and DVBE Program Form**

Complete and sign this form for all small business or microbusiness subcontractors to be utilized as part of this bid.

**Declaration of Compliance Form**

Complete and sign this form certifying all the information is true and correct. This form shall be signed by the person legally authorized to contractually bind the Agency.

*(Revised 05/05)*

**Attachment 6**  
**SMALL BUSINESS OR MICROBUSINESS**  
**SUBCONTRACTOR FORM**  
(Page 5 of 7)

*Complete and sign this form for all small business and microbusiness subcontractors that you plan to utilize as part of your small business participation goal. Please duplicate this page for additional companies.*

---

Name of Subcontractor \_\_\_\_\_ Contact Person \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Goods/Services to be provided \_\_\_\_\_

Business Category \_\_\_ Small \_\_\_ Micro Percentage of Contract \_\_\_\_\_ %

Certifying Agency \_\_\_\_\_ Certification # \_\_\_\_\_  
(include copy of certification document)

---

By signing below, the Agency indicates its intent to utilize the small business or microbusiness identified above as part of the contract associated with this solicitation, as applicable; and also certifies that all information contained herein is true and correct.

\_\_\_\_\_  
**Agency's Authorized Signature**

\_\_\_\_\_  
**Date**

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

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

---

By signing below, the small business or microbusiness certifies it has been contacted, and has expressed interest in participating in the contract in the area of work identified; and also certifies that all information contained herein is true and correct.

\_\_\_\_\_  
**Subcontractor's Authorized Signature**

\_\_\_\_\_  
**Date**

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

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

**Attachment 6**  
**DECLARATION OF COMPLIANCE**  
**FOR SMALL BUSINESS AND MICROBUSINESS**  
**SUBCONTRACTOR PARTICIPATION**  
(Page 6 of 7)

*Complete and sign this form certifying all the information is true and correct. This form shall be signed by the person legally authorized to contractually bind the Agency.*

---

Agency's Name: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Telephone: \_\_\_\_\_

Address: \_\_\_\_\_ Fax: \_\_\_\_\_

City: \_\_\_\_\_ Email \_\_\_\_\_

**Declaration**

I declare under penalty of perjury that the information provided in this Attachment is true and correct. (Please check one)

\_\_\_\_\_ Our firm is a Small Business or Microbusiness Agency

\_\_\_\_\_ Our firm is a Nonsmall Business Agency providing for small business or microbusiness subcontracting participation of \_\_\_\_%

\_\_\_\_\_ Our firm will not participate in the Small Business Program.

Executed on \_\_\_\_\_  
Month/Date/Year

In the city of \_\_\_\_\_ State of \_\_\_\_\_

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

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

Title \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

CALIFORNIA STATE LOTTERY  
**Small Business & DVBE Program Form**

*If you are a certified small or DVBE business, please fill in shaded areas only.*

Business Name		Business Address	
City	State	Zip Code	Fax Number
Name of Owner		Telephone Number	
Name of Contact Person		Telephone Number	

Business Category:  Small  DVBE  Microbusiness  
 Business Certified with: \_\_\_\_\_ Agency Name  
 Certification #: \_\_\_\_\_

Type of Business:  Sole Owner  Partnership  Corporation  Other  Joint Venture

Check one that applies: <input type="checkbox"/> Non- Manufacturer <input type="checkbox"/> Manufacturer	Check one that applies: <input type="checkbox"/> Services <input type="checkbox"/> Goods <input type="checkbox"/> Information Technology <input type="checkbox"/> Construction
<b>Indicate number of Employees:</b> _____	

Name owners and officers of your firm and their percent of ownership of the firm. If a corporation, list total outstanding stock and a percent breakdown of ownership.

Owners, Officers	Stock Ownership (%)	Home Address

Gross Annual Receipts Preceding Three Fiscal Years* :	
Year	Dollar Amount

\* If business is less than three years old, enter date business was established \_\_\_\_\_

Services/Goods, etc. Provided: \_\_\_\_\_

By signing below, the Contractor certifies that the company above meets the following conditions required for qualification as a small business: (1) it be independently owned and operated; (2) not dominate in its field of operation; (3) principal place of business be located in California; (4) the officers in the case of a corporation, or owners in all other areas, be domiciled in California; and (5) together with affiliates is either A) a service, construction, or manufacturer with fewer than 100 employees, and average annual gross receipts of \$14,000,000 or less over the 3 previous years or B) a manufacturer with 100 or fewer employees. (A micro business is the same as a small business except its average annual gross receipts must be \$3,500,000 or less over the previous 3 years and it must have 25 or fewer employees.) A manufacturer means a small business that is both of the following: 1) primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products; 2) classified between codes 2000 to 3999, inclusive of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition.

Signature of Authorized Representative	Date
Title	

**CONFIDENTIAL**

***CALIFORNIA STATE LOTTERY  
SECURITY/LAW ENFORCEMENT DIVISION***



***MAJOR CONTRACTOR  
DISCLOSURE***

# CONTRACTOR DISCLOSURE

## INTRODUCTION

Section 8880.38 of the California Lottery Act requires the Director, Security/Law Enforcement Division, to assure the integrity, honesty, and fairness in the operation and administration of the California Lottery.

To accomplish this, the Director, Security/Law Enforcement Division, has the authority to conduct an examination of the qualifications of all prospective and current employees, prospective and current Lottery Game Retailers, and prospective and current Lottery suppliers as defined in the Section 8880.57 of the California Lottery Act. This includes the ability to access criminal history records and require fingerprinting.

This informational form is designed to fulfill this requirement, and provide the Director, Security/Law Enforcement Division, the ability to adequately determine the contractor's or prospective contractor's qualifications.

Completion of this form is a mandatory condition of contracting. Unless otherwise indicated, failure to provide all of the information requested on this questionnaire may prevent you from contracting with the California Lottery.

## INSTRUCTIONS

Read each question carefully before answering. Type or neatly print an answer to each question. If a question does not apply, enter "N/A". If the space provided is insufficient, enter the information requested on a separate piece of paper and include it with the disclosure package. Be sure to reference the number of the question you are answering.

Do not misstate or omit any material fact(s). The applicant is hereby advised they are seeking the granting of a contract with the California Lottery, and that the burden of providing favorable qualification is on the applicant at all times.

Each page of this questionnaire, including attachments, must be initialed by the applicant, or by a representative who has the authority to act on the applicant's behalf and can attest to the accuracy of the information. The disclosure must be signed by the same person. This form must also be notarized.

All applicants are advised this Contractor Disclosure Form is an official document of the California Lottery, Security/Law Enforcement Division. Any misrepresentation or failure to reveal information may be deemed sufficient cause for the refusal or revocation of a contract with the California Lottery.

## PRIVACY NOTICE

The California Information Practices Act of 1977 requires that this notice be provided on all state agency forms, which collect personal information.

This information is being requested in order to examine your qualifications to be a contractor for the California Lottery as required by section 8880.38 of the California Lottery Act and to ensure compliance with section 8880.57 of the Act.

The Information you provide will only be disclosed to those persons(s) who are authorized by law to have access. Confidentiality will be observed. The information you provide may be disclosed to other government and law enforcement agencies including, but not limited to: The State Controller's Office, Department of Motor Vehicles (DMV), Department of Justice (DOJ), Federal Bureau of Investigation (FBI), and other federal, state and local law enforcement agencies. You have the right of restricted access to your background investigation records pursuant to Sections 1798.38 and 1798.40 of the Information Practices Act and Sections 11080, 11081, 11105, and 11131 of the California Penal Code. For further information on accessing your record, please contact the Lottery's Information Practices Act Coordinator, Business Services Section, 600 North 10<sup>th</sup> Street, Sacramento, CA, 95814.

# CONTRACTOR DISCLOSURE

BUSINESS INFORMATION				
NAME OF BUSINESS				
TRADE NAME/DBA				
STREET ADDRESS OF BUSINESS	CITY	STATE	ZIP CODE	TELEPHONE
STREET ADDRESS OF BUSINESS RECORDS	CITY	STATE	ZIP CODE	TELEPHONE
TYPE OF BUSINESS <input type="checkbox"/> SOLE PROPRIETORSHIP <input type="checkbox"/> CORPORATION (CORP) <input type="checkbox"/> TRUST <input type="checkbox"/> JOINT VENTURE <input type="checkbox"/> GENERAL PARTNERSHIP <input type="checkbox"/> LIMITED PARTNERSHIP <input type="checkbox"/> LIMITED LIABILITY PARTNERSHIP (LLP) <input type="checkbox"/> LIMITED LIABILITY COMPANY (LLC) <input type="checkbox"/> OTHER _____				
PRINCIPAL BUSINESS ACTIVITY				
STATE OF INCORPORATION				
IF BUSINESS IS FORMED IN A STATE OTHER THAN CALIFORNIA, HAS THE BUSINESS QUALIFIED AS A FOREIGN ENTITY WITH THE CALIFORNIA SECRETARY OF STATE? <input type="checkbox"/> YES <input type="checkbox"/> NO      IF YES, ENTER FILE NUMBER HERE: _____				
NAME OF PARENT COMPANY				
STREET ADDRESS OF PARENT COMPANY	CITY	STATE	ZIP CODE	TELEPHONE
NAME(S) AND ADDRESS(ES) OF ANY SUBSIDIARY OF THIS BUSINESS				
NAME	STREET ADDRESS	CITY	STATE	ZIP CODE
IS COMPANY: <input type="checkbox"/> CLOSELY HELD <input type="checkbox"/> PUBLICLY HELD      ***IF PUBLICLY HELD, ATTACH MOST RECENT REPORT (10K, 10Q)***				
BUSINESS ORGANIZATIONAL CHARTS: ATTACH A DIAGRAM DEPICTING DIRECT AND INDIRECT BUSINESS RELATIONSHIPS BETWEEN THE BUSINESS AND PARENT COMPANIES. DIAGRAM MUST IDENTIFY ALL COMPANIES UNTIL ULTIMATE OWNERSHIP HAS BEEN IDENTIFIED.				

# CONTRACTOR DISCLOSURE

	<b>DIRECTOR - OFFICER LIST</b>	
--	--------------------------------	--

IF A BUSINESS IS A CORPORATION, LIST EACH DIRECTOR-OFFICER. IF YOU NEED ADDITIONAL SPACE, PLEASE MAKE PHOTOCOPIES OF THIS BLANK PAGE AND ATTACH ADDITIONAL PAGES TO THE BACK OF THIS FORM. INDICATE NUMBER OF DUPLICATED PAGES: PAGE \_\_\_\_ OF \_\_\_\_  
8880.57(a)(1)

NAME	DATE OF BIRTH	SOCIAL SECURITY NUMBER		
RESIDENCE STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
BUSINESS STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
POSITION HELD		PERCENTAGE OF STOCK HELD		

NAME	DATE OF BIRTH	SOCIAL SECURITY NUMBER		
RESIDENCE STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
BUSINESS STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
POSITION HELD		PERCENTAGE OF STOCK HELD		

NAME	DATE OF BIRTH	SOCIAL SECURITY NUMBER		
RESIDENCE STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
BUSINESS STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
POSITION HELD		PERCENTAGE OF STOCK HELD		

NAME	DATE OF BIRTH	SOCIAL SECURITY NUMBER		
RESIDENCE STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
BUSINESS STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
POSITION HELD		PERCENTAGE OF STOCK HELD		

INITIALS: \_\_\_\_\_

# CONTRACTOR DISCLOSURE

	<b>OWNERS- PARTNERS – STOCKHOLDERS</b>	
--	--	--

LIST ALL OWNERS-PARTNERS-STOCKHOLDERS WHO HOLD INTEREST IN THE BUSINESS OR CORPORATE STOCK. IF A PUBLICLY HELD CORPORATION, LIST THE STOCKHOLDERS KNOWN TO OWN 5% OR MORE OF THE CORPORATE STOCK. A COMPLETE CONTRACTOR DISCLOSURE MAY BE REQUIRED FOR EACH ENTITY THAT HOLDS A CONTROLLING INTEREST IN THE BUSINESS.

IF YOU NEED ADDITIONAL SPACE, PLEASE MAKE PHOTOCOPIES OF THIS BLANK PAGE AND ATTACH ADDITIONAL PAGES TO THE BACK OF THIS FORM. INDICATE NUMBER OF DUPLICATED PAGES: PAGE \_\_\_\_ OF \_\_\_\_ 8880.57(a)(1)

NAME	DATE OF BIRTH	SOCIAL SECURITY NUMBER		
RESIDENCE STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
BUSINESS STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
POSITION HELD		PERCENTAGE OF STOCK HELD		

NAME	DATE OF BIRTH	SOCIAL SECURITY NUMBER		
RESIDENCE STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
BUSINESS STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
POSITION HELD		PERCENTAGE OF STOCK HELD		

NAME	DATE OF BIRTH	SOCIAL SECURITY NUMBER		
RESIDENCE STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
BUSINESS STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
POSITION HELD		PERCENTAGE OF STOCK HELD		

NAME	DATE OF BIRTH	SOCIAL SECURITY NUMBER		
RESIDENCE STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
BUSINESS STREET ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
POSITION HELD		PERCENTAGE OF STOCK HELD		

INITIALS: \_\_\_\_\_

# CONTRACTOR DISCLOSURE

## LEGAL PROCEEDINGS

DOES THE BUSINESS, ANY OWNER, OFFICER, DIRECTOR, OR STOCKHOLDER ANTICIPATE BEING A PARTY TO A LAWSUIT? IN THE EVENT OF A PUBLICLY HELD CORPORATION, LIST ONLY THOSE STOCKHOLDERS KNOWN TO OWN 5% OR MORE OF THE CORPORATE STOCK. 8880.57(b)(10)

YES  NO

IF YES, PROVIDE THE INFORMATION REQUESTED BELOW. PROVIDE, ON A SEPARATE PIECE OF PAPER, A DETAILED EXPLANATION OF THE ALLEGATIONS. INCLUDE SPECIFICS AS TO THE CURRENT, KNOWN STATUS OF THE LAWSUIT.

	DATE	DEFENDANT(S) NAME, POSITION HELD IN BUSINESS	PLAINTIFF'S NAME NAME, ADDRESS OF PRESIDING COURT	NATURE OF PROCEEDINGS. PROVIDE DOCKET #/CASE/FILE/OTHER IDENTIFIER
A				
B				
C				
D				
E				
F				

HAS THE BUSINESS OR ANY OWNER, OFFICER, DIRECTOR OR STOCKHOLDER OF THE BUSINESS, OR, IN THE EVENT OF A PUBLICLY HELD CORPORATION, THOSE STOCKHOLDERS OWNING 5% OR MORE OF THE CORPORATE STOCK, EVER BEEN SUBPOENAED AND/OR TESTIFIED BEFORE ANY MUNICIPAL COURT, PROVINCIAL, STATE, FEDERAL, OR NATIONAL COURT, AGENCY, COMMITTEE, GRAND JURY OR INVESTIGATORY OR REGULATORY BODY, OTHER THAN IN RESPONSE TO A TRAFFIC SUMMONS? 8880.57(b)(10)

YES  NO

IF YES, PROVIDE THE INFORMATION REQUESTED BELOW. PROVIDE, ON A SEPARATE PIECE OF PAPER, A DETAILED EXPLANATION OF THE PROCEEDINGS. INCLUDE SPECIFICS AS TO THE CURRENT, KNOWN STATUS OF THE PROCEEDINGS.

	DATE	DEFENDANT(S) NAME, HELD IN BUSINESS (IF APPLICABLE)	NAME, ADDRESS OF PRESIDING COURT	NATURE OF PROCEEDINGS. PROVIDE DOCKET #/CASE/FILE/OTHER IDENTIFIER
A				
B				
C				
D				
E				
F				

# CONTRACTOR DISCLOSURE

## LEGAL PROCEEDINGS

HAS THE BUSINESS, ANY OWNER, OFFICER, DIRECTOR OR STOCKHOLDER OF THE BUSINESS, OR, IN THE EVENT OF A PUBLICLY HELD CORPORATION, THOSE STOCKHOLDERS OWNING 5% OR MORE OF THE CORPORATE STOCK, EVER BEEN THE SUBJECT OF AN INVESTIGATION CONDUCTED BY A GOVERNMENTAL INVESTIGATORY AGENCY FOR ANY REASON? 8880.57(b)(10)

YES     NO

IF YES, PROVIDE THE INFORMATION REQUESTED BELOW. PROVIDE, ON A SEPARATE PIECE OF PAPER, A DETAILED EXPLANATION OF THE ALLEGATIONS. INCLUDE SPECIFICS AS TO THE CURRENT, KNOWN STATUS OF THE INVESTIGATION.

	DATE	DEFENDANT(S) NAME, POSITION HELD IN BUSINESS	NAME, ADDRESS OF GOVERNMENT AGENCY	NATURE OF PROCEEDINGS. PROVIDE DOCKET #/CASE/FILE/OTHER IDENTIFIER
A				
B				
C				
D				
E				
F				

HAS THE BUSINESS ENTITY, OR ANY OWNER, OFFICER, DIRECTOR OR STOCKHOLDER OF THE BUSINESS ENTITY, OR, IN THE EVENT OF A PUBLICLY HELD CORPORATION, THOSE STOCKHOLDERS OWNING 5% OR MORE OF THE CORPORATE STOCK, EVER BEEN NAMED AS A DEFENDANT OR CO-CONSPIRATOR IN ANY CRIMINAL PROCEEDING IN THIS STATE OR ANY OTHER JURISDICTION? 8880.57(b)(10)

YES     NO

IF YES, PROVIDE THE INFORMATION REQUESTED BELOW. PROVIDE, ON A SEPARATE PIECE OF PAPER, A DETAILED EXPLANATION OF THE ORIGINAL CHARGE/ALLEGATIONS AS WELL AS ANY AMENDED CHARGES. INCLUDE SPECIFICS AS TO THE CURRENT, KNOWN, STATUS OF THE CRIMINAL PROCEEDINGS.

	DATE	DEFENDANT(S) NAME, POSITION HELD IN BUSINESS	NAME, ADDRESS OF PRESIDING COURT	NATURE OF PROCEEDINGS. PROVIDE DOCKET #/CASE/FILE/OTHER IDENTIFIER
A				
B				
C				
D				
E				
F				

# CONTRACTOR DISCLOSURE

## LEGAL PROCEEDINGS

HAS THE BUSINESS, OR ANY OWNER, OFFICER, DIRECTOR OR STOCKHOLDER OF THE BUSINESS, OR, IN THE EVENT OF A PUBLICLY HELD CORPORATION, THOSE STOCKHOLDERS OWNING 5% OR MORE OF THE CORPORATE STOCK OR ANY SUBSIDIARY, EVER BEEN A DEFENDANT OR RESPONDENT IN ANY OF THE FOLLOWING: 8880.57(b)(10)

YES     NO

IF YES, PROVIDE SPECIFICS OF EACH INCIDENT AS WELL AS THE CURRENT STATUS/DISPOSITION.

- ANTI-TRUST CASE
- TRADE REGULATION VIOLATIONS
- SECURITY JUDGEMENTS
- LICENSE DENIALS, SUSPENSIONS OR DISPLAINARY ACTION
- ANY TAX LIENS
- FRANCHISE TAX BOARD SUSPENSIONS

HAS THE BUSINESS, OR ANY OWNER, OFFICER, DIRECTOR OR STOCKHOLDER OF THE BUSINESS, OR, IN THE EVENT OF A PUBLICLY HELD CORPORATION, THOSE STOCKHOLDERS OWNING 5% OR MORE OF THE CORPORATE STOCK, EVER BEEN DEEMED LEGALLY BANKRUPT OR FILED A PETITION FOR ANY TYPE OF BANKRUPTCY OR INSOLVENCY, UNDER ANY BANKRUPTCY OR INSOLVENCY LAW? 8880.57(b)(5)

YES     NO

IF YES, PROVIDE THE INFORMATION REQUESTED BELOW. PROVIDE, ON A SEPARATE PIECE OF PAPER, A DETAILED EXPLANATION OF THE ALLEGATIONS. INCLUDE SPECIFICS AS TO THE CURRENT, KNOWN STATUS OF THE INVESTIGATION.

	DATE	DOCKET #	NAME, ADDRESS PRESIDING COURT	NAME, ADDRESS FILING PARTY	NAME, ADDRESS OF TRUSTEE
A					
B					
C					
D					
E					
F					

# CONTRACTOR DISCLOSURE

## GAMING GOODS/SERVICES

HAS THE BUSINESS EVER ENTERED INTO A JOINT VENTURE OR OTHER CONTRACTUAL ARRANGEMENT TO SUPPLY ANY STATE OR JURISDICTION WITH GAMING GOODS OR SERVICES, INCLUDING, BUT NOT LIMITED TO LOTTERY GOODS AND SERVICES. (8880.57(b)(8))

YES     NO

IF YES, PROVIDE A LIST OF THE STATE OR JURISDICTIONS IN WHICH THE GOODS OR SERVICES WERE PROVIDED, INCLUDING A DESCRIPTION OF THE GOODS OR SERVICES PROVIDED AND THE DATES.

	DATE	STATE/JURISDICTION	GOODS AND SERVICES PROVIDED	TERM OF CONTRACT
A				
B				
C				
D				
E				
F				
G				
H				
I				
J				
K				
L				

INITIALS: \_\_\_\_\_

# CONTRACTOR DISCLOSURE

	<b>FINANCIAL INFORMATION</b>	
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LIST ALL FINANCIAL INSTITUTIONS WITH WHICH YOUR BUSINESS OR SUBSIDIARIES DOES BUSINESS.

	BUSINESS/SUBSIDIARY NAME	NAME, ADDRESS FINANCIAL INSTITUTION	LENGTH WITH INSTITUTION	AUTHORIZED SIGNATURE
A				
B				
C				
D				
E				
F				
G				
H				

LIST ALL MORTGAGES OR OTHER HOLDERS OF LONG-TERM DEBT THAT THE BUSINESS OR ANY SUBSIDIARY HAS OUTSTANDING.

	BUSINESS/SUBSIDIARY NAME	NAME, ADDRESS OF HOLDER	MORTGAGE OR DEBT	MORTGAGE/DEBT AMOUNT
A				
B				
C				
D				
E				
F				
G				
H				

INITIALS: \_\_\_\_\_

# CONTRACTOR DISCLOSURE

## DONATIONS

LIST ALL REPORTABLE CONTRIBUTIONS BY THE BUSINESS TO ANY LOCAL, STATE OR FEDERAL POLITICAL COMMITTEE IN CALIFORNIA FOR THE PAST FIVE YEARS THAT IS REPORTABLE UNDER ANY EXISTING STATE OR FEDERAL LAW. (8880.57(b)(7))

	CANDIDATE'S NAME	CANDIDATE'S OFFICE/JURISDICTION	DATE OF CONTRIBUTION	AMOUNT CONTRIBUTED
A				
B				
C				
D				
E				
F				
G				
H				

## SUBCONTRACTORS

LIST ALL KNOWN SUBCONTRACTORS THE BUSINESS INTENDS TO UTILIZE WITH THE CSL CONTRACT IF AWARDED THE CONTRACT. LIST THE NAME(S), ADDRESS(ES), AND CONTACT PERSON(S) FOR EACH SUBCONTRACTOR. IDENTIFY IN DETAIL THE SERVICE EACH SUBCONTRACTOR IS TO PROVIDE, INCLUDING THE MONETARY VALUE OF THE SUB-CONTRACT. ALSO PROVIDE COPIES OF PERTINENT AGREEMENTS MADE WITH EACH SUBCONTRACTOR. 8880.57(a)(7)

## ATTACHMENT CHECK LIST

PLEASE ATTACH COPIES OF THE BELOW LISTED DOCUMENTS TO YOUR DISCLOSURE PACKAGE. PLACE "N/A" TO THE LEFT OF THE DOCUMENT NAME IF THE DOCUMENT DOES NOT APPLY. FAILURE TO PROVIDE A REQUIRED DOCUMENT MAY BE DEEMED SUFFICIENT CAUSE FOR REJECTING A BID.

- Initial Formation/Registration Documents  
(Articles of Incorporation/Organization, Certificate of Limited Partnership, LLP Registration, etc...)
- All Amendment Documents
- Annual Statement of Information  
(last change and current, if current reports no change of information) (Corp or LLC Only)
- Corporate Disclosure Statement (Publicly Traded Corp)
- Partnership Agreement (Limited and General Partnerships)
- Trust Agreement
- Joint Venture Agreement
- Charter
- By Laws
- Organization Chart
  
- Annual Reports
- Quarterly Reports
- Interim Reports
- Financial Reports (last 3 years)
  
- Bankruptcy Filings, Receivership Proceedings

**STATE OF:** \_\_\_\_\_

**COUNTY OF:** \_\_\_\_\_

**I, \_\_\_\_\_, have read the foregoing disclosure documentation and know the contents thereof; that the statements contained herein are true and correct and contain a full and true account of information requested; that this statement is executed with the knowledge that misrepresentation or failure to reveal information requested may be deemed sufficient cause for rejecting the submitted bid. Further, that I am aware that later discovery of an omission or misrepresentation made in the above statements may be grounds for denying or canceling a contract. I also understand that public disclosure of this application is governed by the California Public Records Act, which law mandates disclosure of this application, upon request, except for information concerning personal worth, personal financial data, criminal history, military discipline, and personal information such as home telephone number, home address, social security number, driver's license number, etc.**

**I swear under penalty of perjury that  
the foregoing is true and correct.**

\_\_\_\_\_  
**Signature of Applicant**

**Subscribed and Sworn to before me this \_\_\_\_\_ day**

**Of \_\_\_\_\_, 20\_\_\_\_\_.**

\_\_\_\_\_  
**Notary Public**

**(SEAL)**

