Invitation for Bid
#7308

Maintenance and Batteries
For Uninterrupted Power Source
Units

March 13, 2013

California Lottery
700 North 10th Street
Sacramento, CA 95811
# TABLE OF CONTENTS

## I. GENERAL INFORMATION

A. Purpose.......................................................................................................................... 1
B. Bidder Qualifications ..................................................................................................... 1
C. Issuing Office and Vendor-Initiated Contact ................................................................. 1
D. Projected Timetable ....................................................................................................... 2
E. Examination of All Requirements ................................................................................ 2
F. Amendments to IFB ...................................................................................................... 2
G. Intent to Bid ................................................................................................................... 2
H. Written Questions ......................................................................................................... 3
I. Proposal Consideration ................................................................................................ 3
J. Public Records and Confidential Portions of Bidder's Responses................................. 3
K. Conditions of Submission ............................................................................................ 4
L. Rejection of Responses ................................................................................................. 4
M. Nonmaterial Deviation ................................................................................................ 4
N. Contract Execution ....................................................................................................... 4
O. Hiring of Lottery Personnel .......................................................................................... 5
P. Governing Law and Regulations .................................................................................. 5
Q. Property of the Lottery ................................................................................................ 5
R. Response Deviations ..................................................................................................... 5
S. Defense of Bid Protest .................................................................................................. 5

## II. RESPONSE REQUIREMENTS

A. Mandatory Submittals .................................................................................................... 5

## III. RESPONSE REVIEW AND AWARD

A. Mandatory Review ........................................................................................................ 6
B. Price Assessment and Contract Award .......................................................................... 7

## IV. PROPOSAL PACKAGING AND DELIVERY ............................................................. 8

### EXHIBITS

- Exhibit A - Scope of Services ....................................................................................... 9
- Exhibit B - Draft Contract Terms and Conditions ......................................................... 16
- Exhibit C - Incompatible Activities and Ethical Conduct Standards ......................... 31
- Exhibit D - California Lottery Act, Section 8880.57. Disclosures ................................ 36
- Exhibit E - Lottery Headquarters and Distribution Centers ........................................ 39
- Exhibit F - List of Equipment ....................................................................................... 40

### ATTACHMENTS

- Attachment 1 - Price Sheet .......................................................................................... 41
- Attachment 2 - Certification ........................................................................................ 42
- Attachment 3 - Guaranty ............................................................................................... 48
- Attachment 4 - Small Business and Disabled Veteran (DVBE) Business Form ....... 50
I. GENERAL INFORMATION

A. Purpose

The California State Lottery (Lottery) is inviting responses from qualified vendors to provide maintenance, repairs, inspections, technical support and battery replacement on five (5) Uninterrupted Power Source (UPS) units, described in Exhibit F, List of Equipment, located at Lottery locations statewide, listed out in Exhibit E, Lottery Headquarters and Distribution Centers.

The Contract will be for a period of three (3) years.

B. Bidder Qualifications

This solicitation is open to all bidders who, at the time of bid submission have:

- Been legally authorized to do business in the State of California. All required permits and licenses must be in full force at the time of bid submission and throughout the term of the Agreement;
- Proper certification and licensing to conduct the services herein described in Exhibit A, Scope of Services;
- A minimum of five (5) years of experience working on Liebert UPS and Shadow Wave Rider Emergency Lighting UPS units.
- A valid C10 (Electrical) license; and meets all other qualification and certifications required in this solicitation.

C. Issuing Office and Vendor-Initiated Contact

This IFB is issued by the Lottery’s, Contract Development Services. Issuance of this IFB does not constitute a commitment by the Lottery to award any contract. The issuing office is the sole point of contact relative to this IFB. Any and all notices or questions pertaining to this IFB must be directed to:

California Lottery
Contract Development Services
Attention: Tina Miranda
700 North 10th Street
Sacramento, CA  95811-0393
tmiranda@calottery.com

Phone:  (916) 822-8066
FAX:    (916) 737-5984
TDD:    (800) 345-4275

No contact regarding this IFB is allowed between firms and members of the Evaluation Panel, Lottery Commissioners, or Lottery staff after issuance of the IFB with the exception of the Lottery contact person named above. Any such contact may disqualify
D. Projected Timetable

The following projected timetable is set forth for informational and planning purposes. The Lottery may change these dates without an IFB amendment at the Lottery's discretion, however, written notification will be provided to those firms with a written Intent to Bid on file (reference subsection G below).

<table>
<thead>
<tr>
<th>Action</th>
<th>Date</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFB Release Date</td>
<td>March 13, 2013</td>
<td></td>
</tr>
<tr>
<td>Written Questions Due</td>
<td>March 25, 2013</td>
<td></td>
</tr>
<tr>
<td>Intent to Bid Due</td>
<td>March 25, 2013</td>
<td></td>
</tr>
<tr>
<td>Responses to Written Questions</td>
<td>As required</td>
<td></td>
</tr>
<tr>
<td>Proposal Due Date</td>
<td>April 16, 2013</td>
<td>3:00 p.m. PST</td>
</tr>
<tr>
<td>Identification of Apparent Successful Bidder</td>
<td>April 2013</td>
<td></td>
</tr>
<tr>
<td>Proposed Effective Date of Contract</td>
<td>April 2013</td>
<td></td>
</tr>
</tbody>
</table>

E. Examination of All Requirements

Bidders are strongly urged to thoroughly examine this document and become fully aware of the scope of services required. Responses must be based solely on the information and materials contained in the final IFB and any amendments issued by the Lottery. Firms are to disregard anything else including draft material they may have received, any newspaper advertisements or articles they may have read, and any oral representations made.

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 IFB.

F. Amendments to the IFB

The Lottery may cancel or amend this RFP at any time. Notice of amendment or cancellation will be sent to firms that submitted a written Intent to Bid if the amendment or cancellation occurs prior to proposal submission, and to firms that submitted a proposal if the amendment or cancellation occurs after proposal submission.

G. Intent to Bid

Interested firms must submit a written Intent to Bid (may be submitted via electronic mail or personally delivered) to the Lottery contact person specified within, and by the date and time specified in the Projected Timetable, in order to receive any further direct communications, including amendments, from the Lottery regarding this solicitation.
A written Intent to Bid must include the name of a contact person and mailing address of the firm submitting the written Intent to Bid, a voice and facsimile telephone number (if available) and electronic mail address (if available) of a contact person representing the firm submitting the written Intent to Bid.

If a written Intent to Bid is not sent, a proposal may still be submitted. However, any further notices or amendments issued by the Lottery will only be sent to vendors who have filed a written Intent to Bid. All vendors may, however, access notices and amendments issued by the Lottery regarding this solicitation on the Lottery’s web site at www.calottery.com under Vendor Opportunities.

H. Written Questions

Questions regarding this IFB must be submitted in writing via e-mail or U.S. mail to the Lottery contact person specified within by the date and time specified in the Projected Timetable. It is the sole responsibility of the vendor to verify receipt of questions submitted. All vendors with a written Intent to Bid on file will receive a copy of all written questions and answers the Lottery addresses.

I. Proposal Consideration

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

1. The Lottery is not liable for any costs incurred by a Bidder in preparing, submitting, or otherwise participating in a response to this IFB.

2. Its response to this IFB constitutes the Bidder’s binding offer to the Lottery.

3. Its response to this IFB is irrevocable for 180 days from the date proposals are due.

J. Public Records and Confidential Portions of Bidder's Responses

All data, materials and documentation submitted by Bidder in response to this IFB 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 Bidder’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 Bidder so long as the Bidder complies with two requirements:

1. The Bidder must identify in writing the specific data or other materials that are confidential. The Bidder must designate such materials as specifically as possible by page number, paragraph and sentence submitted to the Lottery during the solicitation process. All identifying markings must be conspicuous by using color, bold, underlining or some other method to distinguish the protected data or material from other text.

2. The Bidder must 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 Bidder designates the entire or substantially all of the response as confidential, the Lottery may, in its sole discretion, determine the Bidder’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 Bidder’s submissions in response to this IFB, including those portions the Bidder has asserted are confidential.

K. Conditions of Submission

Responses to the IFB and any subsequent presentations should be submitted with the most favorable terms the Bidder can offer. After the Bidder submits a response to the Lottery, the response cannot be replaced, changed or modified in any way except as specified in this IFB or in response to a subsequent amendment to this IFB or a written request for clarification from the Lottery. A Bidder 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 must be filed in the same manner as responses. Proposal responses on file with the Lottery at the deadline for final submission are irrevocable.

L. 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 a Bidder to correct a deficiency related to any requirement upon the Lottery’s written request. If all Bidders 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 IFB.

M. Nonmaterial Deviation

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

N. 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 IFB 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.

O. Hiring of Lottery Personnel

At all times during the proposal evaluation period and continuing through the contract award or the rejection of all proposals, Bidders 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 Bidder making such an offer or proposition will be disqualified from further consideration.

P. Governing Law and Regulations

The Lottery’s governing law and regulations, including its Competitive Bidding Procedures, are available on the Lottery’s website at www.calottery.com. It is the Bidder’s responsibility to be familiar with these laws and regulations.

Q. Property of the Lottery

All proposal responses become the property of the Lottery upon receipt and shall not be returned to the Bidder.

R. Response Deviations

The Lottery may waive any deviation in a proposal which the Lottery determines to be nonmaterial. The Lottery’s waiver of a nonmaterial deviation in no way modifies the IFB requirements or excuses the Bidder from full compliance with the Contract’s requirements. The Lottery may allow a Bidder to correct a deficiency related to any requirement or may request that a Bidder do so. If all Bidders fail to meet one or more of the mandatory requirements, the Lottery reserves the right to continue the evaluation of the proposals and to select the response which most closely meets the requirements specified in this IFB.

S. Defense of Bid Protest

The successful Bidder, at its own expense, shall fully participate in the defense of any bid protest filed by a third party.

II. RESPONSE REQUIREMENTS

A. Mandatory Submittals

All responses to the IFB must comply with the requirements of this section. Failure to submit all information listed under Mandatory Submittals may result in rejection of the bid. Bidders must complete and submit the following attachments:
1. **Price Sheet (Attachment 1)**

Price Sheet, Attachment 1, must be completed by the Bidder at the time of bid submission and included in its bid response. **NOTE: Any changes made to the Price Sheet by the Bidder, including but not limited to exceptions, deletions, and additions, may be the basis for disqualification of the bid response.**

2. **Certification (Attachment 2)**

Certification, Attachment 2, must be completed by Bidder at the time of bid submission and included in its bid response.

3. **Guaranty (Attachment 3)**

Guaranty, Attachment 3, must be completed by the Bidder at the time of bid submission and included in its bid response.

4. **Small and Microbusiness Participation (Attachment 4)**

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 Business Participation (SBP) goal of 25% for utilization of small or microbusinesses as subcontractors for a contract resulting from this IFB. **Participation in this program is optional.** Bidders must complete and submit the Small Business and Microbusiness Participation form if the Bidder is asserting Small or Microbusiness participation preference. Bid responses received without the completed Small and Microbusiness Program Participation forms will not be considered responsive for the five percent small business preference.

**III. RESPONSE REVIEW AND AWARD**

Bid responses will be reviewed by an Evaluation Team for form and content in accordance with the provisions stated in this IFB. Clarifications may be requested from Bidders at any phase of the evaluation process. The evaluation process includes the following:

**A. Mandatory Review (Pass/Fail)**

Examination of all mandatory requirements and all required information pursuant to Section II, A. Mandatory Submittals.

1. Attachment 1, Price Sheet
2. Attachment 2, Certification
3. Attachment 3, Guaranty
4. Attachment 4, Small and Microbusiness Participation (SMP) – Only if asserting Small or Microbusiness participation preference.
B. Price Assessment and Contract Award

Bid responses not otherwise rejected by the Lottery will be assessed on price and Small Business Preference calculation, if applicable, as specified in subsection 2, below.

1. Price Sheet

Prices quoted on Attachment 1, Price Sheet shall include all items outlined in Exhibit A, Scope of Services. Prices quoted shall be fixed for the entirety of the contract term and any extensions hereto.

The contract shall be awarded to the Bidder proposing the lowest combined cost for items 1 and 2 as specified on Attachment 1, Price Sheet.

The Small Business Contracting Preference will be calculated, as applicable. If a tie exists after calculating the Small Business Contracting Preference, the small business will be awarded the contract.

2. Small Business Preference (SBP)

For bid evaluation purposes, where there is at least one non-small business Bidder 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, proposed bid of a non-small business Bidder 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 Bidder’s subcontracting at least 25% of their bid amounts to small businesses.

For bid evaluation purposes, where there is at least one small business Bidder, the Lottery will calculate the preference by computing an amount not to exceed 5% from the lowest, proposed bid of a non-small business Bidder. 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.

If you have questions regarding these forms, please contact the Lottery’s Small Business Specialist at (916) 822-8066.

The successful Bidder's small business preference shall become part of the contract resulting from this solicitation with the Lottery. The Lottery's Small Business Specialist shall monitor contractor compliance by requiring annual reports on such participation.
IV. PROPOSAL PACKAGING AND DELIVERY

All bid responses must be received no later than **3:00 p.m. (PST) April 16, 2013.** Fax or electronic transmissions will not be accepted. Mail or deliver all bid response packages to:

California Lottery  
Contract Development Services  
700 North 10th Street  
Sacramento, CA 95811  
Attention: Tina Miranda  
Response to IFB #7308  
DO NOT OPEN IN MAILROOM

Postmark date will not constitute timely delivery. Bid response packages received after the above date and time will not be considered. Bidders are solely responsible for ensuring timely receipt of their bid responses. Bidders shall submit the following packages:

**Package 1** shall have one (1) original and two (2) paper copies of Attachment 1 submitted in a sealed envelope and marked “Package 1”.

**Package 2** shall have one (1) original and two (2) paper copies of Attachments 2-4 submitted in a sealed envelope and marked “Package 2”.

All packages should be addressed as above and clearly identifying the contents and the Bidder making the submission.

Bidders shall mark their original bid response "**Original". Original IFB attachments and/or forms must have the Bidder’s original signature in ink (in a color other than black) and signed by a person identified in Attachment 2, Certification, as legally authorized to contractually bind the proposing Bidder.

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 2007 or Acrobat Reader 9.0.
EXHIBIT A
SCOPE OF SERVICES

Under the direction of the Lottery Contract Manager, the Contractor will be responsible for maintenance, repairs, inspections and technical support and battery replacement on four (4) Uninterrupted Power Source (UPS) units statewide. Contractor will also be responsible for full service maintenance only on one (1) Wave Rider UPS unit described in Exhibit F, List of Equipment.

1. The Contractor shall meet or exceed the manufacturer’s documented preventative maintenance (PM) service as described by the manufacturer of the UPS system.

2. The Contractor will be on-site within two (2) hours of initial telephone notification by the Lottery of a problem with Equipment specified in Exhibit F, List of Equipment, that is located at Lottery Headquarters, 700 North 10th Street, Sacramento, CA 95811, the Lottery Southern Distribution Center (SDC), 9430 Lucas Ranch Road, Rancho Cucamonga, CA 91730 and the Lottery Northern Distribution Center (NDC), 2920 Ramco Street, West Sacramento, CA 95891. A four (4) hour on-site response time will apply for Equipment located at all other locations specified in Exhibit F, List of Equipment.

3. The Contractor shall be responsible for full service maintenance, repairs, inspections, technical support and battery replacement of the equipment listed in Exhibit F, List of Equipment, as described herein statewide.

4. The Contractor must dispose of all non-working materials at Contractors expense and within Leadership in Energy and Environmental Design (LEED) guidelines.

5. DEFINITIONS

For the purposes of this bid, the following definitions shall govern:

A. Equipment — all items identified in Exhibit F, List of Equipment, including interconnecting switching devices, control items, cables, etc., required to maintain fully functioning UPS and an environmental monitoring system.

B. Good Operating Condition — operation of Equipment must be within manufacturer’s specifications for proper and continuous day-to-day operation.

C. Maintenance, Full Service — any and all Scheduled and Unscheduled Maintenance needed to maintain the Equipment in Good Operating Condition including labor, service truck, travel expenses, test and diagnostic equipment, Expendable and Nonexpendable Parts, installation and disposal of all Expendable and Nonexpendable Parts.

D. Maintenance, Scheduled or Preventive — maintenance performed on a regularly appointed basis to maintain the Equipment in Good Operating Condition including Expendable and Nonexpendable Parts.

E. Maintenance, Unscheduled or Remedial — maintenance needed to correct an Equipment failure or problem in order to maintain the Equipment in Good Operating Condition including Expendable and Nonexpendable Parts.
F. Parts, Expendable — parts which may not be reused or rebuilt.

G. Parts, Nonexpendable — re-buildable parts.

H. Technical Support, Primary Level — a certified technician with the training and experience necessary to provide basic diagnostic and/or Equipment repair during service calls.

I. Technical Support, Second Level — a certified specialist with unique training and/or experience who specializes in providing diagnostic assistance and/or repair expertise when a service call is particularly difficult.

J. Technical Support, Third Level — a certified specialist who has received in-depth specialized training and experience and possesses extensive diagnostic ability specifically designed to assist on unusually complex problems.

6. PERFORMANCE

It shall be incumbent upon the Contractor to maintain the Equipment listed in Exhibit F, List of Equipment, in Good Operating Condition. To minimize outages, the Contractor must adhere to industry standards for maintenance of this type of equipment and utilize state-of-the-art technology, testing equipment, and systems management practices to monitor and maintain Equipment performance. Toward that end, the Contractor shall perform the following services and make necessary adjustments and/or repairs.

A. Unscheduled (Remedial) Maintenance

The Contractor will perform Unscheduled Maintenance as required, at no additional charge to the Lottery, under the conditions outlined below:

1. Unscheduled Maintenance will be provided twenty-four (24) hours a day, seven (7) days a week for Equipment shown in Exhibit F, List of Equipment, that is located at Lottery Headquarters, Lottery Southern Distribution Center and Northern Distribution Center.

2. For Equipment at all other locations specified in Exhibit F, List of Equipment, Unscheduled Maintenance will be provided from 8:00 A.M. to 5:00 P.M. (Pacific Time), Monday through Friday, excluding State of California holidays.

3. Lottery access to Contractor for Unscheduled Maintenance shall be through a continuously staffed telephone number at Contractor Customer Service and/or Support Center.

4. The Contractor will be on-site within two (2) hours of initial telephone notification by the Lottery of a problem with Equipment specified in Exhibit F, List of Equipment, that is located at Lottery Headquarters, Lottery Southern Distribution Center and Northern Distribution Center. A four (4) hour on-site response time will apply for Equipment located at all other locations specified in Exhibit F, List of Equipment.
5. Upon arrival at the Lottery, the Contractor service technician shall contact the person designated by the Lottery as the site contact (provided at the time of the service call) and indicate the nature of the call. Upon completion of repair(s), Contractor service technician will inform the Lottery site contact person that repair is completed. The Contractor service technician is not to leave the Lottery site until an appropriate test is conducted to demonstrate the result of the repair and to assure proper operation of the Equipment. The Contractor service technician is not to leave the Lottery site without informing the Lottery site contact person.

6. Unscheduled Maintenance repairs will normally be completed by the Contractor within four (4) hours after arrival on site. When Contractor Primary Level Technical Support technician responds to an Unscheduled Maintenance call and the Equipment malfunction has not been diagnosed and repair begun within two (2) hours from the time of arrival of the technician, the Contractor will utilize Second Level Technical Support. In the event that two (2) additional hours elapse from the time of response of the Second Level Technical Support and the Equipment malfunction has not been diagnosed and repair begun, the Contractor will utilize Third Level Technical Support. The Contractor will employ their best efforts to promptly complete all repairs by assigning one or more levels of support until the Equipment has been returned to Good Operating Condition. In all cases, Contractor will complete repair before departure from site or obtain Lottery agreement on future repair status.

In the event that repairs cannot be completed within the initial four (4) hours after arrival on-site, Contractor will immediately consult with authorized Lottery staff to determine what action is required to complete repair at the earliest possible time.

7. The Contractor shall produce and deliver a complete and accurate written report describing the steps taken to repair any Equipment. This report will be delivered to the Lottery Contract Manager or designee within five (5) working days following completion of the Unscheduled Maintenance.

8. All replacement parts must be new and meet the specifications of the original equipment manufacturer. The Contractor must supply parts that match the current Engineering Change (EC) level of the failed Equipment. Parts determined by the Contractor to require replacement will be furnished on an exchange basis. Defective parts removed from the Equipment become the property of the Contractor, replacement parts become the property of the Lottery.

9. The Contractor must maintain an adequate inventory of replacement parts either on-site at the Lottery facility or within a distance which will allow Contractor to meet the response and repair times set forth herein.

10. If, in response to a request for Unscheduled Maintenance, the Contractor determines that the source or cause of the problem is not in the Equipment covered under this maintenance agreement, or if multiple causes are possible, the Contractor must, at no additional charge to the Lottery, work with and assist the Lottery’s Equipment Management Support Staff and other Lottery
Contractors’ technical staff to achieve a problem resolution, even if the responsibility for the final corrective action is with another party.

11. The Contractor must assign only certified technicians who are technically competent and qualified to perform the contracted work. The Lottery may request a replacement if there are concerns with the technical qualification of the technician(s) assigned.

12. The Contractor guarantees recertification of the Equipment by the original equipment manufacturer at the Contractor's expense and must supply proof of recertification to the Lottery. Should the Lottery determine recertification is necessary, Contractor will consult with the Lottery’s Equipment Management Support Staff to determine the recertification timeframe. In no event will Contractor maintenance result in the manufacturer's cancellation of warranties, when applicable, on the Equipment.

13. The Lottery expects the Contractor’s organization to provide active support to enhance the reliability and availability of the Equipment.

B. Scheduled (Preventive) Maintenance

The Contractor will perform Scheduled (Preventative) Maintenance in accordance with the following schedule and under the conditions outlined below:

1. For each Uninterruptible Power Supply (UPS) – two (2) semi-annual inspections and one (1) annual inspection, dates to be determined.

2. Sealed Battery Systems - four (4) times each contract year [i.e., three (3) quarterly and one (1) quarterly with annual], normally in December, March, June and September.

3. The Contractor shall provide on-premises Scheduled Maintenance service to the Lottery which includes providing and replacing Expendable and Nonexpendable parts for the Equipment described in Exhibit F, List of Equipment.

4. Equipment shall be maintained in Good Operating Condition.

5. Any Equipment found not to be in Good Operating Condition will be considered in need of repair and/or replacement under the terms of Unscheduled Maintenance. The Contractor will notify the Lottery staff of any Equipment not in Good Operating Condition within one (1) hour of discovery.

6. Scheduled Maintenance shall be performed on a schedule which is mutually acceptable to the Lottery and the Contractor, which is consistent with the Lottery’s operating requirements and which is based upon the specific needs of the Equipment.

7. Within five (5) working days following completion of each Scheduled Maintenance, the Contractor shall produce and deliver to the Lottery Contract Manager or designee a complete and accurate written report describing the maintenance completed and certifying completion of Scheduled Maintenance.
The report shall also describe the steps taken to repair any Equipment found not to meet manufacturer’s specifications for Good Operating Condition.

8. Within five (5) working days following completion of Scheduled Maintenance, the Contractor shall produce and deliver to the Lottery Contract Manager or designee a written report advising the Lottery of any further parts replacement or work the Contractor recommends.

9. UPS Scheduled Maintenance includes, but is not limited to, the following:

   **Semi-Annual Service:**

   a) Perform a temperature check on all breakers, connections and associated controls. Repair and/or report all high temperature areas.

   b) Perform a complete visual inspection of the equipment including sub-assemblies, wiring harnesses, contacts, cables and major components. Check air filters for cleanliness.

   c) Check module(s) completely for the following (if applicable):

      (1) Rectifier and inverter snubber boards for discoloration.

      (2) Power capacitors for swelling or leaking oil.

      (3) Direct Current (DC) capacitor vent caps that have extruded more than one-eighth inch.

   d) Record all voltage and current meter readings on the module control cabinet or the system control cabinet.

   e) Measure and record harmonic trap filter currents.

   **Annual Service Includes 12a) through 12e), above and the following:**

   f) Check the inverter and rectifier snubbers for burned or broken wires.

   g) Check all nuts, bolts, screws and connectors for tightness and heat discoloration.

   h) Check fuses on the DC capacitor deck for continuity (if applicable).

   i) With Lottery approval, perform operational test of the system including unit transfer and battery discharge.

   j) Calibrate and record all electronics to system specifications.

   k) Install or perform Engineering Field Change Notices (FCN) as necessary.

   l) Measure and record all low-voltage power supply levels.
m) Measure and record phase-to-phase input voltage and currents.

n) Review system performance with Lottery to address any questions and to schedule any repairs.

10. Battery System Maintenance includes the following at no additional charge to the Lottery:

a) All battery strings are to be replaced once during the initial three year period of the Contract.

b) Parts and battery jars replacement as required up to ten percent (10%) of each battery string per contract year.

c) Battery recycling as required, with documentation meeting Environmental Protection Agency requirements.

d) Refurbishment of cell connections as deemed necessary by the detailed inspection report.

e) Special inspections after deep discharges, when notified by the Lottery, to measure and record one hundred percent (100%) connection resistances and make visual inspection of connections and check for signs of overheated connectors.

f) All replaced batteries are to meet or exceed the load rating and capacity of the existing batteries.

11. Battery Systems Scheduled Maintenance checklist includes, but is not limited to, the following:

**Quarterly Service:**

a) Inspect the appearance and cleanliness of the batteries and the battery room. Clean normal cell-top dirt accumulation (off line only).

b) Measure and record the total battery float voltage and charging current.

c) Visually inspect the battery jars and covers for cracks and leakage.

d) Visually inspect for evidence of corrosion.

e) Measure and record the ambient temperature.

f) Verify the condition of the ventilation equipment.

g) Measure and record pilot cell voltage, specific gravity and electrolyte temperature. (Flooded Cell); Measure and record all internal impedance readings.
h) Provide a detailed written report noting any deficiencies and corrective action needed, taken or planned.

Annual Service Includes 14a) through 14h), above, and the following:

i) Re-tighten all battery connections to the battery manufacturer’s specifications.

j) Measure and record all battery connection resistances in micro-ohms.

7. **EXCLUSIONS**

Maintenance services under this Agreement do not include:

A. Electrical work external to the Equipment, or Maintenance of accessories, attachments, equipment, features or other devices not described in this Agreement.

B. Repair of damage resulting from accident, transportation, neglect, misuse, fire, smoke, improper equipment environment or causes other than ordinary use.

C. Service which is impractical for the Contractor to render because of alterations to the equipment or connection of the equipment by mechanical or electrical means to other equipment or devices not approved by Contractor.

D. Service which is precluded by applicable State or local government or trade association standard, rule or regulation.

8. **ADDITIONAL CONTRACTOR SERVICES**

A. At the request of the Lottery, Contractor shall perform equipment installation, de-installation, re-location and associated restart-up services.

B. At the request of the Lottery, Contractor shall perform other required services that fall outside the covered maintenance.

9. **RELOCATION OF EQUIPMENT**

A. In the event the Equipment being maintained under this Contract is moved to another location within twenty-five (25) miles of the location specified in Exhibit F, List of Equipment, Contractor shall continue to maintain the Equipment at the new location at no additional charge.

B. The Lottery shall provide a minimum of thirty (30) days advance written notice of movement of the Equipment unless a shorter period is agreed to by the Contractor.
EXHIBIT B
DRAFT CONTRACT TERMS AND CONDITIONS

1. GENERAL PROVISIONS

1.1 Signature Authorization

The person signing this Contract warrants that he/she is an agent of the Contractor and is duly authorized to enter into this Contract on behalf of the Contractor.

1.2 Initial Term of Contract

The initial term of the Contract is three years.

1.3 Emergency Extended Service

At the Lottery’s discretion, Contractor shall provide extended services for a period not to exceed 12 months from the effective date of the Contract termination or expiration. Services shall continue to be provided by Contractor and paid for by Lottery pursuant to the terms and conditions of this Contract.

1.4 Extended Service for Contractor Change

The Lottery further reserves the right to continue operating under or further extend the initial Contract, or any extension thereof, on thirty (30) days notice for multiple ninety (90) day periods as the Lottery deems necessary for transition if a different contractor is chosen for a subsequent contract. To meet this requirement, Contractor, in consideration for entering into the Contract, shall maintain the service in a state of readiness for any such periods after the completion of the Contract. “State of readiness” means having the capability of extending the current Contract operations beyond the previously scheduled Contract term end date.

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”). Contractor operates at its own risk if it commences performance before Execution.

1.6 Amendment

The parties may amend the Contract by mutual written consent and prior to the Contract expiration date. No alteration or variation of the terms of this Contract will be valid or binding unless amended pursuant to this section, and no prior oral understanding or agreement not incorporated into the Contract is binding on any of the parties.

1.7 Contractor Consideration

As consideration for the compensation paid to the Contractor under this Contract, the Contractor 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, the Contractor shall immediately notify the Lottery's Contract Manager for interpretation.

2. RELATIONSHIP AND AUTHORITY

2.1 Contractual Relationship

The California Lottery Commission ("Commission"), as the governing body of the State Lottery and Contractor 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." Contractor acknowledges that the Commission has the authority to exercise all powers necessary to effectuate the purpose of the State Lottery Act. The Commission retains all such authority under the Contract. The Contractor agrees to be accountable and subject to the Commission and its designated administrative officers under the Contract. The Contractor 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. Contractor agrees to be bound by all laws, regulations, guidelines, and court orders imposed upon the Lottery as they relate to the Contract. Contractor will perform its duties and obligations subject to Lottery audit and oversight and all Contract terms and conditions. Contractor 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, Contractor acknowledges and specifically agrees that the jurisdiction for any action hereunder 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, Contractor 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. OBLIGATIONS OF THE PARTIES

3.1 Contract Managers

The Lottery and the Contractor’s Contract Manager 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 the respective party in connection with the implementation of 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 the implementation of all
aspects of 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 within five (5) State working days of a proposed change in a Contract Manager. Any change in Contractor’s Contract Manager shall be subject to Lottery approval.

3.2 Licenses and Permits

The Contractor must be licensed to do business in California and must obtain, at the Contractor’s expense all licenses and permits required by law for accomplishing any work required in connection with this Contract. The Contractor must upon request, provide the Lottery with copies of all required licenses/permits. In the event any licenses or permits expire at any time during the term of this Contract, the Contractor agrees to renew and provide the Lottery upon request with a copy of the renewed licenses or permits.

3.3 Confidentiality of Parties

Contractor must keep confidential all information and materials related to the Contract and/or obtained through the course of work, and must 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 by the Contract. Under no circumstance will the Lottery be liable to the Contractor or to any other person or entity for disclosing the material Contractor has designated as trade secret or confidential information.

3.4 Ethical Conduct Guidelines

The Lottery has in effect Incompatible Activities and Ethical Conduct Standards which restrict and in some instances prohibit transactions between Lottery Contractors and Lottery employees. In some circumstances family or social relationships between Contractor or subcontractor personnel and Lottery employees must be disclosed. A copy of the current Incompatible Activities and Ethical Conduct Standards is attached as Exhibit D. All Lottery Contractors and their agents and employees are expected to read Exhibit D and cooperate with its requirements. Contractor and subcontractor personnel may also 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 Contractor agrees to ensure continuing compliance by its employees with those standards in all dealings with Lottery employees.

3.5 News Releases

Contractor must not issue any news releases or make any statement to the news media pertaining to this Contract without the prior written approval of the Lottery, and then only in cooperation with the Lottery.
4. **GENERAL WARRANTIES AND REPRESENTATIONS**

Contractor warrants and represents that:

A. Contractor is fully authorized and prepared to enter into and fully perform the terms and conditions of the Contract;

B. Contractor has secured or will have secured at its expense, all necessary rights, clearances, permits, governmental approvals and/or licenses with respect to all material and elements embodied in or used in connection with the performance of the Contract for the benefit of the Lottery, and will maintain such rights throughout the Contract term;

C. Contractor will comply with all federal, state, and local laws, ordinances, rules, and regulations applicable to its activities and obligations under the Contract;

D. The goods and services provided do not and will not, to the best of Contractor’s knowledge, infringe any copyright, trademark, or other third-party owned intellectual property; and

E. All services provided by Contractor pursuant to the Contract will be performed in a prompt, competent manner by properly trained individuals in accordance with the highest standards of Contractor’s industry.

5. **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 to the Lottery.

5.2 Frequency of Payment

Contractor will be paid monthly, in arrears, upon submission of a detailed invoice that is approved by the Lottery Contract Manager.

5.3 Payment

Payments will be based on the Contractor’s detailed invoices with deliverables as identified in Exhibit A, Scope of Services and Attachment 1, Price Sheet. Payments will be made within 45 calendar days from date the Lottery receives an invoice, unless the invoice is disputed. All invoices will be paid minus any applicable offsets, taxes or withholds.

If the Lottery determines that an invoice was improperly executed, or that additional evidence of the validity of the invoice is required, the Lottery will notify Contractor of a disputed invoice within 15 calendar days from receipt of the invoice. Once the invoice is corrected, payments will be made within 45 days from receipt of the corrected invoice.

Where payment has not been issued within 45 calendar days from Lottery’s receipt of an undisputed invoice, interest penalties will accrue as set forth in Government Code...
section 927.6. If Contractor is a nonprofit organization and the value of the contract is less than $500,000, or if Contractor is certified with the Department of General Services as a small business, interest will accrue at a rate of 10% above the U.S. Prime Rate on June 30th of the prior fiscal year. However, if the amount of the penalty is ten dollars or less, the penalty is waived. Nonprofit organizations are ineligible to receive penalty payments if the value of the Contract is $500,000 or more.

For all other businesses, interest penalties will accrue at a rate of 1% above the daily rate for the Pooled Money Investment Account on June 30th of the prior fiscal year, but will not exceed a total rate of 15%. Penalties of $100.00 or less are waived, as set forth in section 927.6.

5.4 Notice of Monies Due

The Lottery will notify the Contractor in writing when and if any monies are due the Lottery. Any monies the Contractor owes the Lottery must 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 the Contractor by the Lottery.

5.5 Tax Reporting

The Contractor 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. 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. The Contractor agrees to abide by these conditions and to provide the information requested for those tax-reporting requirements.

5.6 Withholds

A. The Lottery has the right to withhold or delay payments to Contractor, in whole or in part, if Contractor fails to perform its material obligations under the Contract.

B. Should Contractor cure the performance failure giving rise to the withheld or delayed payment, the Lottery will review the matter with Contractor and determine, within its discretion, whether the Lottery will continue to withhold payment or otherwise offset money due Contractor.

5.7 Full Compensation

The compensation to be paid the Contractor, except as otherwise provided herein, is in consideration for all of the Contractor's services and administrative expenses, including travel, per diem, services-related training and all applicable taxes.

5.8 Invoicing

Contractor must submit invoices in triplicate 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 and either approve or dispute it. Disputed invoices shall be returned to the Contractor
with an explanation. Unless disputed, payment will be made after goods and services are received. Invoices must be submitted to:

California Lottery  
Accounting Operations  
P.O. Box 778  
Sacramento, CA 95812-0778

Supporting documents must accompany invoice. Contractor 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, Contractor waives the right to receive any further payments under this Contract.

6. LOSS PREVENTION

A. The Contractor must acquire and maintain insurance coverage as set forth in this Section 6 and following subsections 6.1 through 6.2, and shall defend, indemnify and hold the Lottery harmless pursuant to subsection 6.3. The required policies must remain in force throughout the term of the Contract and any extensions, and copies of the policies must be provided to the Lottery upon request. Certificates of insurance for each required policy must be provided to the Lottery within ten calendar days of execution of the Contract. In addition, all certificates of insurance for renewals must be forwarded to the Lottery within ten calendar days of the policy expiration. Each insurance policy must 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 the carrier must provide written notice to the insured at least 30 days prior to cancellation of the policy, except that in the case of cancellation for nonpayment of premiums or for fraud the notice shall be given no less than 10 days prior to cancellation. If the Contractor’s carrier cancels any policy, the Contractor must immediately obtain a replacement policy prior to expiration of the notice period. Failure to provide and maintain any insurance or security may result in the termination of the Contract.

B. The Contractor will not perform services or incur expenses until certificates of insurance for the required policies are received by the Lottery.

C. The Contractor may request and receive authorization to adjust insurance liability limits. The Contractor must submit requests to adjust insurance liability limits in writing, to the Lottery Contract Manager. The Contractor shall not adjust insurance liability limits without prior written approval of the Lottery Contract Manager.

6.1 Workers’ Compensation

Contractor must maintain Workers’ Compensation insurance for all of its employees who will be engaged in the performance of the Contract pursuant to the requirements of California Labor Code section 3700.
6.2 Commercial General Liability or Public Liability Insurance

Contractor must maintain commercial General Liability insurance with limits of at least one million dollars ($1,000,000) for any one person and one million dollars ($1,000,000) for any one occurrence for death or bodily injury, and one million dollars ($1,000,000) for any one occurrence for property damage. The policy must also include coverage for liabilities arising out of premises, operations, independent Contractors, advertising injury, and with a two million dollar ($2,000,000) aggregate, personal and advertising injury and liability assumed under an insured Contract. The Policy must include the Lottery, Lottery Commission members and Lottery Officers and employees as additional named insured, insofar as the operations under the Contract are concerned.

6.3 Indemnification

A. Contractor must defend, indemnify, and hold harmless, at Contractor’s expense, the State of California, the Lottery, Lottery Commission, Lottery Commission members, Lottery officers, employees and agents, and their respective successors, heirs, representatives, administrators and assigns, from all responsibilities, suits, judgment, awards, costs, damages, claims, demands, actions, causes of action, 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 or based on the negligent, unauthorized or intentional activities of Contractor or its officers, employees, subcontractors, or agents in connection with the Contract. Contractor’s obligations hereunder include any losses, damages, liabilities, settlements, judgments, fines, costs, fees, and expenses of any nature whatsoever, including but not limited to fees of attorneys and other professionals at trial and on appeal.

B. Neither Contractor nor any attorney engaged by Contractor may defend against such claims in the name of the Lottery, nor purport to act as a legal representative of the Lottery, without the prior written consent of the Director of the Lottery or his/her designee.

C. The Lottery may, at its election and at the Contractor’s expense, assume its own defense and settlement in the event that the Lottery determines that: (i) Contractor is prohibited from defending the Lottery; (ii) Contractor is not adequately defending the Lottery’s interests; or (iii) an important governmental principle is at issue and the Lottery desires to assume its own defense.

D. The indemnities set forth in this subsection are in addition to, and not in lieu of, any other indemnities provided hereunder or by law.

E. Contractor must provide the Director immediate written notice of any action or suit filed against Contractor that is related in any way to the Contract.
7. **CONTRACT OVERSIGHT**

7.1 Background Investigations and Approval of Contractor Staffing

The Lottery may investigate Contractor, its officers, directors, principals, investors, owners, employees or other associates, and/or the officers, directors, principals, investors, owners, employees, and other associates of the Contractor's parent entity, subsidiaries, and/or subcontractors at any time during the life of the Contract, at the discretion of the Director of the Security 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, Contractor 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 Contractor 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 must include a provision implementing this right.

The Bidder 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. This Contract may be subject to termination if the Contractor knowingly assigns to or fails to remove from the Lottery Contract, personnel with criminal convictions as described above.

The Bidder 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 Contractor Evaluation

The Contract Manager for the Lottery and the Contractor may meet as often as necessary, but not less than once a year to review and evaluate progress and performance. The review and evaluation criteria will be established by the Lottery Contract Manager and may include but will not be limited to problems and future performance under the contract and any other subject relating to completion of tasks under this contract. The evaluation shall be written and will be provided to the Contractor within 30 days. The final evaluation of the Contractor’s performance will take place within thirty (30) days of contract termination or expiration.

7.3 Access to Financial and Accounting Records

The Contractor 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. Contractor must make these documents available to the Lottery upon request during the Contract term and any extensions (Gov. Code sec 8880.67). Contractor must retain these documents for four (4) years from the date of final payment of the Contract.

The Lottery reserves the right to audit all Contractor and subcontractor documents and procedures, as they relate to this Contract.

A. The Contractor will make available to the Lottery upon request authenticated requisitions for payment (including invoices from suppliers, etc.) and proof of payment to third parties for all work and services on behalf of the Lottery's accounts. Contractor will make these items available to the Lottery upon request.

B. The Contractor shall make available to the Lottery all documents relating to the Contract as well as expenses incurred by the Contractor on the Lottery's behalf for which Contractor claims reimbursement. Contractor will make all documents open to examination and inspection by an authorized representative of the Lottery at all reasonable times.

7.4 Records Audit Provisions

During the Contract's term, and for four (4) years thereafter, the Contractor must provide all duly authorized representatives of the State, Lottery or its Contractor, full access to all related Contract financial records, including access to individuals with knowledge of financial records. All duly authorized representatives of the State, Lottery or its Contractor, may examine, audit and copy all the information described in this section.

7.5 Dispute Resolution

If a dispute arises out of this Contract that remains unresolved after good faith negotiations between Lottery and Contractor, the parties will submit the dispute to binding arbitration. Arbitration will be conducted under the Commercial Arbitration Rules of the American Arbitration Association. The arbitration will be final and binding, and must be held in Sacramento County before an arbitrator who is acceptable to both parties. In the event that the parties cannot agree on an arbitrator, one will be appointed after either party petitions the court pursuant to California Code of Civil Procedure section 1281.6. The arbitrator's decision must 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, the Contractor must 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. However, in any case, the Alternative Dispute Resolution process shall be considered final and binding on both parties, and no further process shall be permitted.
7.6 Notice of Delay

Whenever the Contractor 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, the Contractor must immediately provide the Lottery’s Contract Manager written notice including any relevant information.

8. 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 Contractor, terminate the Contract in whole or in part if:

1. Contractor fails to deliver material products within the time specified in the Contract or any extension; or

2. Contractor fails to perform to an extent that endangers performance of the Contract; or

3. Contractor fails to perform any material provision of this Contract; or

4. Contractor fails to sustain a level of economic viability in its overall operations such that the Lottery cannot reasonably be assured of its ability to continue to comply with all operational requirements of this Contract including those provisions relating to loss prevention; or

5. A court of competent jurisdiction finds that Contractor or any of its principles or assigned personnel has failed to adhere to any law, ordinance, rule, regulation or order that may reasonably impugn Contractor’s business in such a way as to call into question the security, integrity or competence of Contractor to serve as a Lottery Contractor; or

6. Contractor fails to communicate on material matters with the Lottery as required by the Contract; or

7. Contractor breaches the Contract’s standard of confidentiality; or

8. Contractor engages in conduct that results in a material negative public impression or creates the appearance of impropriety with respect to the Lottery, the Contractor, or the State of California; or

9. Contractor 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. The Lottery may exercise its right to terminate the Contract under this subsection if the Lottery’s Contract Manager notifies Contractor of the breach and Contractor does not cure it within the Lottery’s established timeline.

In the event of termination for breach under this subsection, the Lottery will mitigate its damages and will have the right to obtain replacement services and/or goods, on an emergency or interim basis, for the services and/or goods which the Contractor agreed to provide under this Contract. The Lottery may collect from Contractor the difference between the compensation stated in this Contract and the actual cost to the Lottery of obtaining and utilizing replacement services and/or goods. The Lottery may also collect actual costs, including administrative expenses and re-procurement costs, incurred to process and procure replacement services and/or goods. The Lottery may collect monies it is due by offsetting the amount from any payments due to Contractor, by perfecting and executing on any security interest provided pursuant any applicable section of the Contract, or by any other means.

C. If the Lottery terminates the Contract for default, the Lottery may require Contractor to transfer title and deliver to the Lottery any 1) completed or partially completed goods and/or materials; and 2) license rights to any intellectual property that the Contractor has produced or acquired for the Contract, in addition to any other property in Contractor’s control in which the Lottery has an ownership interest. Contractor must protect and preserve property in its possession in which the Lottery has an interest.

The Lottery will pay the Contract price for completed goods or materials delivered and accepted. Contractor and the Lottery will agree on the amount of payment for goods, materials, and license rights to any intellectual property delivered and accepted by the Lottery, and for the protection and preservation of other property. Failure to agree will be a dispute subject to the section herein entitled Dispute Resolution. The Lottery may withhold from any amounts due to Contractor any sum the Lottery determines is necessary to protect the Lottery against loss because of outstanding liens or claims of lien holders.

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 Contractor’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, Contractor must immediately cease performance of such activity or operation and mitigate its damages. The amount of compensation reduction will correspond to the cost and expected profit of the activity or operation terminated minus reasonable costs associated with the termination. Contractor must submit, within 90 calendar days of the receipt of a notice of termination or reduction pursuant to this subsection, a compensation reduction proposal. If Contractor and the Lottery fail to agree on the amount of compensation reduction, the Lottery will reduce the compensation as determined by its calculations.
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 the Contractor of no less than 30 days, which notice shall include the effective date of the termination which may be 30 days or more away. Upon the termination date established in the Notice of Termination, the Contractor must cease performance and mitigate damages. Contractor will be entitled to compensation upon submission of invoices and proper proof of claim for that portion of the contract that was satisfactorily rendered or provided before the effective date of termination. The Lottery may also compensate the Contractor for expenses incurred as a result of binding commitments made in connection with the Contractor's performance of the contract. Compensation for such expenses lies within the sole discretion of the Lottery. Contractor must submit proof of such expenses incurred to the Lottery's satisfaction. In the event of termination for convenience, the Contractor must furnish copies of all materials related to performance hereunder at the time of termination.

8.5 Parties' Responsibilities Upon Termination and Transfer to New Contractor

Upon termination or other expiration of this Contract, each party will assist the other party in its orderly termination and the transfer of all Contract-related assets, tangible and intangible, as may facilitate the orderly, non-disrupted business operations of each party. Contractor must continue to provide and support goods and services pursuant to this Contract until migration to a replacement Contract with a new Contractor is complete. If the migration effort is required to continue beyond the term of this Contract, Contractor agrees to extend the Contract in accordance with the section entitled Extended Service for Contractor Change for the time necessary to complete the migration and orderly transfer.

9. MISCELLANEOUS PROVISIONS

9.1 Changes

A. The Lottery Contract Manager may at any time, by written order, make changes to products or services that are not otherwise specified in this Contract if they are within the general scope of the Contract.

B. If any such change causes an increase or decrease in the cost of, or the time required for, performance of any part of the work under the Contract, the Lottery may adjust the Contract price, the delivery schedule, or both, and may amend the Contract. The Lottery will not adjust or amend the Contract for changes customarily provided by lottery Contractors at no cost.

C. Contractor must request any adjustment under this provision within 30 calendar days from receiving the written change order.

D. Failure to agree to any adjustment may be considered a dispute under the Dispute Resolution section. However, nothing in this section excuses Contractor from proceeding with performance under the Contract as changed.
9.2 Force Majeure

Neither Contractor nor the Lottery will be liable for any delay in or performance failure under the Contract due to a Force Majeure occurrence, provided that the Contractor uses reasonably diligent efforts to avoid or otherwise minimize the impact of an event of Force Majeure on the Contractor’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.

9.3 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.

9.4 Order of Precedence

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

A. Terms of this Contract.

B. Lottery’s Invitation for Bid (IFB) #7308 dated March 13, 2013 and any addenda thereto.

C. Contractor’s response to IFB #7308 and any clarifications/amendments submitted in response to requests by the Lottery.

If there are any inconsistencies or ambiguities in the Contract, the Contract shall be interpreted by the documents in the order of precedence referenced above. Each party acknowledges that it has read this Contract, understands it, and agrees to be bound by its terms.

9.5 Notices in General

Any notice, request, demand, consent, waiver, or other item required or permitted under this Contract or applicable law must 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
Name: California Lottery
Address: 700 North 10th Street
         Sacramento, CA  95811
Phone #: (916) _____________
         (916) _____________
FAX #:  (916) _____________
         (916) _____________
Email: _____@calottery.com
Attention: ____________________________

CONTRACTOR

9.6 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.

9.7 Execution of Counterparts

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

9.8 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.

9.9 Assignment

A. The Contractor 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 Contractor 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. The Contractor must submit requests to assign the contract in writing, to the Lottery
Contract Manager. The Contractor shall not take any action to complete assignment
of the contract without prior written approval from the Lottery.
9.10 Independent Contractor

Contractor will be an independent Contractor of Lottery in the performance of the Contract. Contractor 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.

9.11 Travel and Expenses

The Contractor will not be compensated separately by the Lottery for travel time, mileage, meals, or incidentals.

9.12 Standards of Conduct

The Contractor shall be responsible for maintaining satisfactory standards of employee competency, conduct, appearance and integrity, and shall be responsible for taking such disciplinary action with respect to employees as may be necessary. The Contractor is also responsible for ensuring that employees do not disturb papers on desks, open desk drawers or cabinets, or use Lottery telephones except as authorized.

9.13 Nonexclusive Rights

Contractor understands and agrees that the Lottery does not grant the Contractor exclusive rights to provide all 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 vendor. In exercising this right the Lottery shall determine, in the best interests of the Lottery and in furtherance of its purpose to maximize supplementary funds to public education, whether to obtain these services through Contractor or through another vendor. The Lottery’s good faith exercise of this right shall not constitute a breach of the Contract.
EXHIBIT C

INCOMPATIBLE ACTIVITIES AND
ETHICAL CONDUCT STANDARDS

It is the policy of the California Lottery (Lottery) to inform its employees of activities that are incompatible with their employment and standards for their ethical conduct as Lottery employees.

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.

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 their Personnel Officer.

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.

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.

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.

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 thirty (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 that are generally available to all attendees.

   b. Food, beverages, and entertainment provided in hospitality suites that are generally open to all attendees.

   c. Meals provided by conference hosts, vendors, or prospective vendors or their representatives that 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 travel expense.)

3. No employee or contract employee shall engage in outside employment as defined below without advising and obtaining approval of 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, that 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 that 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 Lottery 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 that 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 must 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.
BACKGROUND:

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 must 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.

Due to the particularly sensitive nature of the Lottery and the intense public scrutiny that the Lottery receives, and under the authority provided to the Lottery Director by the Lottery Act, these special procedures have been established for Lottery employees.

APPLICABILITY:

This policy applies to all California Lottery employees.

RESPONSIBILITY:

The Legal Office is responsible for maintaining this policy.

DEFINITIONS:

Employee

Includes, and is not limited to, 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.

Person

Includes, and is not limited to, individuals, firms, corporations, partnerships, associations, business entities, or other governmental bodies or their agents and representatives.

Memorandum of Understanding provisions

Written agreement between state and a labor organization usually for a definite term, defining conditions of employment.

REFERENCES:

Gov. Code §19990
Gov. Code §§ 3201-3209
Gov. Code §§ 19570-19588

4/12
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) Bidders, as required by the Lottery, shall disclose the Bidder's name and address and, as applicable, the name and address of the following:

(1) If the Bidder 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 Bidder is a trust, the trustee and all persons entitled to receive income or benefit from the trust.

(3) If the Bidder is an association, the members, officers, and directors.

(4) If the Bidder 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 Bidder 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 Bidder 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 Bidder 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 Bidder.

(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 Bidder 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 Bidder 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 Bidder 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 Bidder 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 Bidder.

(6) A disclosure for each Bidder 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 Bidder 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 Bidder 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 Bidder and any of the Bidder'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 Bidder 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
LOTTERY HEADQUARTERS AND DISTRIBUTION CENTERS

HEADQUARTERS OFFICE

SACRAMENTO OFFICE (HQ)
700 North Tenth Street
Sacramento, CA 95811

DISTRIBUTION CENTERS

Northern Distribution Center (NDC)
2920 Ramco Street, #110
West Sacramento, CA 95691

Southern Distribution Center (SDC)
9430 Lucas Ranch Road
Rancho Cucamonga, CA 91730

District Offices

Central Valley (CVDO)
750 West Pinedale Avenue
Fresno, CA 93711

Inland Empire (IEDO)
1840 Commercenter Circle
San Bernardino, CA 92408

SAN FRANCISCO (SFDO)
820 Dubuque Avenue
Francisco, CA 94080

Sacramento (SACDO)
4106 East Commerce Way
Sacramento, CA 95834

San Diego (SDDO)
5656 Ruffin Road
San Diego, CA 92123

Van Nuys (VNDO)
16525 Sherman Way, #C10 South San
Van Nuys, CA 91406

Santa Fe Springs (SFSDO)
9746 Norwalk Boulevard
Santa Fe Springs, CA 90670

Santa Ana (SADO)
3400 W. Warner Avenue, Suite F
Santa Ana, CA 92704

Auxiliary Warehouse (AW)
9440 Lucas Ranch Road
Rancho Cucamonga, CA 91730
## EXHIBIT F
### LIST OF EQUIPMENT

Equipment includes:

<table>
<thead>
<tr>
<th>Qty</th>
<th>MFG.</th>
<th>Model #</th>
<th>Serial #</th>
<th>Battery Type</th>
<th>Insta ll Date</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Liebert</td>
<td>38SA200A00</td>
<td>210120032S210B020007</td>
<td>80 model HX500</td>
<td>2/1/1</td>
<td>HQ</td>
</tr>
<tr>
<td>1</td>
<td>Liebert</td>
<td>38SA200A00</td>
<td>210120032S210B020008</td>
<td>80 model HX500</td>
<td>2/1/1</td>
<td>HQ</td>
</tr>
<tr>
<td>1</td>
<td>Liebert</td>
<td>37SA050A0C6EA09</td>
<td>37-8236</td>
<td>80 model # UPS12-300MR</td>
<td>8/08</td>
<td>NDC</td>
</tr>
<tr>
<td>1</td>
<td>Liebert</td>
<td>N112C0441600</td>
<td>1099207001BU6L1</td>
<td>40 type SLF12205</td>
<td>2/20/10</td>
<td>SDC</td>
</tr>
<tr>
<td>1</td>
<td>Wave Rider</td>
<td>WR050H09LHT-VA</td>
<td>WR1056</td>
<td>92 part # 7050-21</td>
<td>1/20/11</td>
<td>HQ</td>
</tr>
</tbody>
</table>
ATTACHMENT 1
PRICE SHEET

The rates for UPS Services includes all overhead costs, applicable taxes, and all other associated costs for services as outlined in Exhibit A, Scope of Services. **NOTE: Any changes made to the Price Sheet, including but not limited to, exceptions, deletions and additions, may be the basis for disqualification of the bid.**

1. Semi-Annual Maintenance for UPS and Quarterly Maintenance for Batteries (includes battery replacement cost, excluding Wave Rider unit) $________ flat rate

2. Semi-Annual Maintenance for Wave Rider UPS unit $________ flat rate

$________ TOTAL FLAT RATE

3. Hourly Repair Rate (Non-Emergency) $________ per hour, plus parts

4. Hourly Repair Rate (Emergency) $________ per hour, plus parts

5. Holiday Rate $________ per hour, plus parts

6. Overtime Rate $________ per hour, plus parts

I, ________________________________, certify that I am authorized to sign this price sheet, that the prices set forth are accurate and unconditional, and that the prices constitute an irrevocable offer for the term of the Contract and any extensions.

_____________________________ _______________________________
Signature of Representative Authorized to Contractually Bind Bidder Date

_____________________________ _______________________________
Printed Name Title
I. BIDDER INFORMATION

Name of Bidder: _____________________________________________________________
Address: ___________________________________________________________________
State/City/Zip Code: __________________________________________________________
Contact Person: _____________________________ Telephone: __________________________
Email: _____________________________________ FAX: __________________________
List person(s) legally authorized to contractually bind the Bidder.

1. ____________________________________________
   (Name) ______________________________________
   (Title) ______________________________________
   (Address) ___________________________________________________________________

2. ____________________________________________
   (Name) ______________________________________
   (Title) ______________________________________
   (Address) ___________________________________________________________________

(Attach additional pages if needed.)

II. BIDDER CERTIFICATION

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

A. The Bidder meets all minimum qualifications specified in the section entitled “Bidder
   Qualifications”.

B. The Bidder agrees the Lottery will not be liable for any of the costs incurred by Bidder in
   preparing, submitting, or otherwise participating in a response to this solicitation.

C. The Bidder’s response to the solicitation constitutes an irrevocable offer for 180 days
   following the date proposals are due to the Lottery.

D. The Bidder has made no attempt to induce any other person or entity to submit or not to
   submit a proposal.
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 Bidder or competitor for the purpose of restricting competition or providing a competitive advantage.

F. The Bidder has read the solicitation, understands it and agrees to comply with all Terms and Conditions.

G. The Bidder 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 Bidder 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.
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.

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 Bidder, 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.

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 will be contacted immediately for clarification.

Current State Employees:

1. No officer or employee will 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 will 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 will 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.

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 will 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 will be completed by all contractors that are not another state agency or other governmental entity.

V. CONFIDENTIALITY STATEMENT

A. I warrant that the Contractor/Bidder 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.
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/Bidder 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/Bidder pertaining to the contract.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the Bidder 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 Bidder and prospective Contractor, is true and correct as written and made under the laws of the State of California.

<table>
<thead>
<tr>
<th>Contractor/Bidder Firm Name (Printed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>By (Authorized Signature)</td>
</tr>
<tr>
<td>Printed Name and Title of Person Signing</td>
</tr>
<tr>
<td>Date Executed</td>
</tr>
</tbody>
</table>
This Guaranty is to be completed and signed by the Bidder if not a subsidiary corporation (check Box A below), or if Bidder is a subsidiary corporation (check Box B below), by the parent company of the Bidder.

☐ A. In the event that the Bidder is not a subsidiary corporation, it will be deemed that the Bidder guarantees performance under any contract resulting from this IFB with the full force and credit of all its assets.

☐ B. If the Bidder is a subsidiary corporation, it shall have this Guaranty completed and signed by the parent corporation to guaranty the full and prompt performance of all covenants, terms and conditions, and contracts resulting from this IFB 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;

7. The Lottery need not take any action against the Bidder, 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 shall be in no way affected, diminished, or released by any extension of time, forbearance, or waiver which may be granted the Bidder, its successor, or assignee, and that this guaranty shall 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 Bidder may enter into, with or without notice to or knowledge of Guarantor but Guarantor shall have the benefit of any such extension, forbearance, waiver, amendment, modifications, or supplemental obligations of Guarantor hereunder shall be coextensive with but not in the excess of the obligations of its successor or assignee under the Contract.

Guarantor agrees that 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 Representative Authorized to Date
Contractually Bind Bidder OR Parent Company

____________________________________
Company Name
Small Business & DVBE Program Form

<table>
<thead>
<tr>
<th>Business Name</th>
<th>Business Address</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of Owner</th>
<th>Telephone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of Contact Person</th>
<th>Telephone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Category:</th>
<th>Small</th>
<th>DVBE</th>
<th>Microbusiness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Business Certified with: ____________________________  Agency Name: ____________________________
Certification #: ____________________________

Check one that applies:

____ Services
____ Goods
____ Information Technology
____ Construction

<table>
<thead>
<tr>
<th>Services/Goods, etc. Provided:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

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 dominant 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 ____________________________

Title

CSL 0718 (R 06/12)