Request for Proposal
#50029

Asian Consumer Market Advertising Services

December 9, 2014

CALIFORNIA LOTTERY
700 NORTH 10TH STREET
SACRAMENTO, CA 95811
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I. GENERAL INFORMATION

A. Purpose

The California Lottery (Lottery) is inviting responses from qualified agencies to provide Asian consumer market (ACM) advertising and integrated communications services for Lottery products, with the objective of maximizing net revenue from Lottery sales for the benefit of California public education. The Lottery will consider proposals from partnerships and joint ventures, including creative advertising agencies and media management firms. The initial contract term is five years. The Lottery may extend the contract under the same terms and conditions for up to two years.

B. Background

The Lottery’s current ACM advertising agency partner is Time Advertising. The Lottery’s contract with Time Advertising expires on November 7, 2015.

The Lottery works with a lead (general market) advertising agency, currently David & Goliath, LLC, which provides strategic and creative direction for all Lottery partner agencies. The Lottery’s other partner agencies include Hispanic market (currently Casanova Pendrill), African American market (Muse powered by Quantasy), and point-of-sale and promotional marketing (Alcone Marketing Group).

C. The Opportunity

The Lottery seeks to identify a strategic ACM Agency partner (Agency) to help it approach the Asian consumer in a fresh, new way. The Agency must be able to address the following critical business strategy questions:

- Where should the Lottery take its brand and its messaging?
- How should the Lottery engage new players and re-engage lapsed players?
- How can the Lottery more effectively address its ACM audience and broaden its player base?
- How can the Lottery ensure ACM consumers are talking about and engaging with the Lottery so it becomes a part of their conversations and social currency?
- How can the Lottery maximize earned media?
- How can the Lottery increase sales?

D. The Challenge

As new technology affects consumer media consumption and marketing realities, the advertising landscape also dramatically changes. The Lottery is continuously reviewing its business strategy to ensure it has the best products available. The Agency will be expected to help the Lottery understand player motivation and assist the Lottery with differentiation and positioning of its games and brands to enhance player engagement and increase sales. The Agency must combine rigorous and insightful account planning and strategic development with brilliant creative solutions to drive sales and help the Lottery stand out in a fragmented media world where Asian consumers need to be re-engaged and re-motivated to play. The Lottery
expects its Agency to function as a true partner, leading the way to meaningful strategic communication solutions that drive brand awareness and product sales.

Maximizing the Lottery’s media investment is critical for optimal ROI in this tight budget environment. The Lottery wants its Agency partner to have prior experience in providing the absolute best tools, econometric modeling, and analytics to better inform communications channel planning and maximize campaign results. The Lottery also hopes to increase the alignment of creative and media strategy and stay at the cutting edge of the latest cross-channel integration ideas and opportunities. The Lottery’s Agency partner must understand the role that web and digital devices play in the lives of Asian consumers.

E. Summary of Wants, Needs and Expectations

The Lottery needs a strategic and highly creative Agency partner. The Agency must have best-in-class capabilities in media planning and buying across all channels, including digital creative and media, to handle the Lottery’s integrated advertising account and to help it navigate future challenges and opportunities. The Lottery is seeking an Agency team capable of developing breakthrough work and highly integrated cross-channel media communications solutions that will successfully elevate its brand and motivate more customers to engage with and buy its products.

The Lottery seeks an Agency that can develop and implement a long-range marketing plan to:

- Demonstrate marketplace success at building and sustaining brands in positions of category leadership
- Foster an environment where “leading the Lottery” and “thinking outside the box” is part of the Agency’s culture
- Deliver breakthrough creative based on Asian consumer insights that drive sales - specifically, demonstrate outstanding creative capabilities across all media and channels (traditional/non-traditional/digital)
- Demonstrate innovation in media - be on the cutting edge of the latest technologies including econometric modeling to inform the Lottery and evaluate media plans and enhance ROI
- Offer an integrated marketing mindset and seamless integration across a suite of services and relevant resources - particularly in media planning, media buying, and online and media creative
- Offer best-in-class account leadership with strong involvement in the strategic process and the ability to lead integration across all projects to ensure consistency and excellence in the Agency’s work product
- Commit a team of experienced professionals who are fully immersed in the business from top to bottom, like to take initiative, and constantly strive to improve performance.

Preferred Experience

The ideal Agency should have a successful track record of:

- Building and sustaining brands in positions of category leadership
- Driving sales through developing and executing highly innovative brand and transaction-
focused creative based on strategic account planning and insightful strategy development

- Developing highly integrated, consumer-centric communications programs across different media and channels with a significant digital/new technologies focus
- Providing a best-in-class digital and social media experience as an Agency or among key team members.

Prior experience with clients in gaming and entertainment industries is highly desired, as is prior experience with low-cost consumer products sold in convenience stores, liquor stores, and supermarkets.

**Media Capabilities**

Media leadership is important to the Lottery. The ideal Agency should have a successful track record of:

- Developing highly innovative and fully integrated cross-channel communications plans where creative strategy and media strategy are aligned and messaging leverages the inherent value of each specific medium to drive sales
- Delivering excellent media buying across all relevant channels, including local broadcast (TV and radio), newspaper, out-of-home, other print, and digital (e.g. online, social, mobile, and search media)
- Understanding media research, tools, and media analytics, including econometric models, to inform and evaluate media plan performance and optimize media ROI
- Delivering optimal rates and consistent added value to enhance overall ROI.

**Digital**

The Agency should be on the cutting edge of the latest digital technologies and digital marketing efforts. The Agency will be responsible for developing concepts and executing and tracking integrated digital campaigns.

**Production**

Production capabilities and production expertise are critical to the Lottery. As such, the Lottery seeks excellent digital and broadcast/television production capabilities and experience, including off-line editing and talent and business affairs expertise.

**Promotions and Experiential Marketing**

The Lottery is looking for an innovative Agency that can bring fresh thinking and big ideas outside of traditional advertising and media channels to its marketing efforts. Specifically, the Agency may be asked to develop experiential and promotional programs that forge a deeper engagement between the Lottery and its players.
Public Relations

The Lottery may ask its ACM Agency partner to provide integrated public relations (PR) capabilities in conjunction with marketing communications in the areas of new media, online, media relations, crisis communications, event management, and cross-cultural outreach. To that end, the Lottery is looking for an innovative partner capable of building and implementing a fresh PR program and delivering high levels of earned media and robust ROI. Expertise in social networking and social media is desirable, in addition to strategic ideation, development, and execution of consumer PR programs and story angles as they relate to the online channel.

F. Minimum Qualifications

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

1. Have a minimum of three years’ experience performing ACM advertising services (specifically in Mandarin, Cantonese, Vietnamese and Korean languages);

2. Have a minimum of $3 million in gross Asian market total account billings for calendar year 2014, of which $2 million must have been in Asian market media placement;

3. Have a minimum of $2.5 million in gross Asian market total account billings for calendar year 2013, of which $1.5 million must have been in Asian market media placement;

4. Have an office in California at the time of bid submittal and for the duration of the contract;

5. Are legal business entities and licensed to do business in California; and

6. Meet the requirements set forth in Section II, Mandatory Submittals.

G. Issuing Office and Agency-Initiated Contact

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

California Lottery  
Contract Development Services – Attn: Susana Sanchez  
700 North 10th Street, Sacramento, CA 95811  
ssanchez@calottery.com

Phone: (916) 822-8064  
FAX: (916) 737-4275  
TDD: (916) 345-4275

No contact regarding this RFP is allowed between bidding agencies and members of the Lottery evaluation team, Lottery Commissioners, or Lottery staff with the exception of the Lottery contact person named above. Any such contact may disqualify an agency from further
consideration. Requests for clarification by agencies will be allowed provided that such requests are made through the above contact.

H. Projected Timetable

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

<table>
<thead>
<tr>
<th>Action</th>
<th>Date</th>
<th>Time</th>
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<tbody>
<tr>
<td>RFP Issued</td>
<td>December 9, 2014</td>
<td></td>
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<tr>
<td>Intent to Bid/Written Questions Due</td>
<td>December 18, 2014</td>
<td>3:00 pm PST</td>
</tr>
<tr>
<td>Responses to Written Questions</td>
<td>As required</td>
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<tr>
<td>Phase I Submittals Due</td>
<td>January 21, 2015</td>
<td>3:00 pm PST</td>
</tr>
<tr>
<td>Announce Finalists (Phase II)</td>
<td>Week of February 16, 2015</td>
<td></td>
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<tr>
<td>Finalist Group Briefings</td>
<td>Week of February 23, 2015</td>
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<tr>
<td>Finalist Work Sessions</td>
<td>Week of March 16, 2015</td>
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<td>Staff Plan and Compensation Proposal Due</td>
<td>One week following the Finalist Work Session</td>
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<tr>
<td>Finalist Work Assignment Presentations</td>
<td>Week of April 20, 2015</td>
<td></td>
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<tr>
<td>Identification of Apparent Successful Agency</td>
<td>May 2015</td>
<td></td>
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<tr>
<td>Lottery Commission Approval to Award Contract</td>
<td>June 2015</td>
<td></td>
</tr>
<tr>
<td>Effective Date of Contract</td>
<td>August 1, 2015</td>
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I. Examination of All Requirements

Agencies should thoroughly examine this document and become fully aware of the scope of services required. Proposals must be based solely on the information and materials contained in this RFP, any amendments or other subsequent written materials issued by the Lottery, and any answers the Lottery provides in response to agencies’ requests for clarification. Agencies are to disregard any other information, including draft material they may have received, newspaper advertisements or articles they may have read, and oral representations made.

If an agency discovers an error in this RFP and fails to notify the Lottery, the agency submits a proposal at its own risk. If awarded the contract, the agency will not be entitled to additional compensation or time by reason of the error or its later correction.
The Lottery in its discretion may refuse to accept a proposal for failure to furnish all required information or follow the format specified in this RFP.

J. Amendments to the RFP

The Lottery may cancel or amend this RFP at any time. The Lottery will post a notice to the Lottery’s website if the amendment or cancellation occurs prior to the due date for Phase I submittals. The Lottery will directly notify agencies that submitted Phase I submittals if the amendment or cancellation occurs after the due date for Phase I submittals, and Finalists exclusively if the amendment or cancellation occurs after Finalists have been identified.

All notices, amendments, and/or cancellations will also be posted on the Lottery’s website (www.calottery.com/vendors).

K. Written Questions

Questions regarding this RFP must be submitted in writing via e-mail to the Lottery contact person specified above no later than the date and time specified for written questions in the projected timetable. It is the sole responsibility of the interested party to verify receipt of questions submitted. Responses to all questions submitted will be provided to each agency that filed an Intent to Bid. Responses will also be available on the Lottery’s website. The Lottery may in its sole discretion respond to questions received after the specified time.

L. Intent to Bid and Future Communications

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

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

All interested parties may access notices and amendments issued by the Lottery regarding this RFP on the Lottery’s website at calottery.com/Vendor.

M. Joint Proposal

If the contract for ACM advertising and integrated communications services is awarded to two or more independent entities that offered a single, joint proposal, the contract will be deemed one indivisible contract. Each entity will be jointly and severally liable for the performance of the entire contract. The joint entities must designate in writing a single individual authorized to represent all joint venturers in all matters relating to the contract. **NOTE: If a joint proposal is submitted, at least one of the bidding agencies must meet all minimum qualifications listed in Section I. F., Minimum Qualifications.**
N. Proposal Consideration

By submitting its proposal response, the agency agrees that:

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

2. Its response to this RFP constitutes the agency’s binding offer to the Lottery.

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

O. Response Maintenance

Responses to this RFP will be maintained by the Lottery until the awarded contract expires. The successful proposal will be maintained by the Lottery for four years after the date the contract expires. The Lottery may destroy the records at the expiration of the applicable period.

P. Proposals are Public Records

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

1. The agency must identify in writing the specific data or other materials in its proposal that it deems confidential. The agency 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 agency 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 agency designates the entire or substantially all of the response as confidential, the Lottery may, in its sole discretion, determine the agency’s response non-confidential. Under no circumstance will the Lottery be liable to an agency or to any other person or entity for disclosing any portion of the agency’s submissions in response to this RFP, including those portions the agency has asserted are confidential.

Q. Conditions of Submission

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

R. Rejection of Responses

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

S. Nonmaterial Deviation

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

T. Contract Execution

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

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

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

U. Hiring of Lottery Personnel

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

The Lottery’s governing law and regulations, including its “Procedures for Procurement of Goods and Services,” are available on the Lottery’s website (www.calottery.com). It is the agency’s responsibility to be familiar with applicable laws and regulations.

II. PROPOSAL REQUIREMENTS

All proposals and other requested documents must be organized in the same order and with the same lettering/numbering format as shown in the following subsections; submitted in a 3-ring binder, on 8 ½ x 11 inch paper, printed on one side only, using at least 12 point size font, consecutively numbered with sections clearly marked or labeled; and provided on a compact disc (CD) compatible with Microsoft Office 2010 Suite and Adobe Acrobat Reader X (v10.1.10).

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

A. Phase I Submittals

All documents required in this section must be submitted for further consideration. Failure to submit the required information may result in disqualification of an agency from further participation in the solicitation process. If all agencies fail to meet one or more of the Phase I submittal requirements, the Lottery reserves the right to continue evaluating the proposals. Agencies must complete and submit the following attachments:

1. Introduction Letter
2. Attachment 1, Agency Fact Sheet
3. Agency Profile (DVD Format)
4. Agency Case Histories (DVD and Written Format)
5. Agency Media Case Histories (DVD and Written Format)
6. Attachment 2, Certification
7. Attachment 3, Guaranty

1. Introduction Letter

Each agency must submit an introductory cover letter indicating that it is responding to the RFP and that all of the RFP requirements have been met. The letter must be signed by a representative identified in Attachment 2, Certification, as legally authorized to contractually bind the agency. The introduction letter should confirm the agency’s qualifications and interest in participating in this solicitation. The introduction letter should explain:

a. The basis for the agency’s interest in the Lottery’s business;
b. The agency’s particular strengths with respect to the basic qualifications as well as the Lottery’s wants, needs and expectations;
c. Agency Positioning, Vision and Philosophy: How does the bidding agency differ from the agencies with whom it usually competes? What vision does it have for the future? Where does the agency expect to be five years from now? What overall philosophy or
credo does it operate by? Please indicate, (at a high level, and as appropriate) how the agency integrates digital work, or that of multiple communications channels, into its approach. Describe the agency’s work process (if it uses a specific discipline), and any particular practices it employs that help it produce consistently effective advertising. How does the bidding agency see its clients’ role in the strategic and creative development processes?

d. Integrated/Digital Approach: Please indicate, (at a high level, and as appropriate) how the bidding agency integrates digital work, or that of multiple communications channels, into its approach.

e. The educational and work experience backgrounds of the bidding agency’s key personnel, if identified, who will be assigned to handle this account;

f. A summary of the key contributions the agency believes it can bring to the Lottery’s advertising and marketing communications efforts; and

g. The name, phone number, and email address of the person that will be the main contact between the bidding agency and the Lottery during the evaluation process. This contact person must also be identified in Attachment 2, Certification.

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

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

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

2. **Agency Fact Sheet (Attachment 1)**

Agency Fact Sheet, Attachment 1, must be completed by the agency at the time of proposal submission and included in its Phase I submittal package. **If the agency is submitting a joint proposal, each agency comprising the joint venture must complete and submit an Agency Fact Sheet.**
3. **Agency Profile (DVD format with English Subtitles)**

Agency must submit an agency profile, including recent broadcast creative, not to exceed 8 minutes in length. Think of this as a story about the agency as illustrated by its work, which is not limited to TV. However, please make sure sufficient TV samples run in their entirety. Context is the key to helping the Lottery better assess the agency’s relevant work and experience. Please provide the profile on DVD.

4. **Agency Case Histories (DVD with English Subtitles and Written Format)**

Bidding agencies must submit two case histories of recent and relevant campaign work. If the agency has good examples of work that builds brand and drives product sales at the same time, the Lottery would like to see it. Please include multiple creative elements from each campaign to demonstrate how you integrate brand across an integrated toolbox. As the online channel is important to the Lottery, please submit case histories that have online and social media components. Case histories can include TV, radio, print, outdoor, collateral, or promotional material as well as any viral, non-traditional or social media elements. Please include a brief description or lead-in (e.g., strategy, Designated Market Areas, concept, consumer/creative insight and results) for each ad or campaign and a notation of the timeframe in which the work ran. The succinct description should be included on both the DVD and in written format not to exceed two pages in length for each campaign. Case histories must be from the office submitting the proposal. Please provide DVDs (see page 16, Package 2 instructions).

5. **Agency Media Case Histories (DVD with English Subtitles and Written Format)**

Bidding agencies must submit two media case histories; one media case history must showcase the agency’s relevant media planning capabilities and one case history must demonstrate its buying and negotiating skills. The agency should demonstrate that it has both the strategic and creative planning skills the Lottery seeks together with the best value proposition. Additionally, in selecting case histories, please remember the Lottery expects media planning to align with creative strategy development and is looking for an agency that can bring traditional and new media and online solutions to its efforts. This will assist the Lottery in understanding how each agency uses research, data and analytics to optimize the effectiveness of its work. Also, include a written summary, not to exceed two pages in length, of the media objective, target market, consumer insights, strategy, and results for each campaign. Case histories must be from the office submitting the proposal. Please provide DVDs (see page 16, Package 2 instructions).
Evaluation Criteria for Phase I Submittals 1-5 (listed in order of importance):

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

6. Certification (Attachment 2)

Certification, Attachment 2, must be completed by each agency and included in its Phase I submittal package.

7. Guaranty (Attachment 3)

Guaranty, Attachment 3, must be completed by each agency and included in its Phase I submittal package.

Evaluation Criteria for Phase I Submittals 6 & 7 (Attachments 2 & 3): Pass/Fail

B. Phase I Evaluation

Submission of the Introduction Letter, Agency Fact Sheet, Agency Profile (DVD), Agency Case Histories (DVD and Written Format), Agency Media Case Histories (DVD and Written Format), Certification, and Guaranty.

The Introduction Letter, Agency Fact Sheet, Agency Profile (DVD), Agency Case Histories (DVD and Written Format), and Agency Media Case Histories (DVD and Written Format) will be reviewed and evaluated by the Lottery Evaluation Team using the rating chart shown in Section III.

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

C. Phase II Submittals

Upon identification of the Finalists, the Lottery will provide specific instructions for submitting the Phase II submittals. Finalists must ensure Phase II Finalist submittals are received at the Lottery’s headquarters on the date specified in Section I, H, Projected Timetable.
1. Disabled Veteran Business Enterprise Participation (DVBE) (Attachment 4)

The Lottery has established participation goals for DVBEs, as defined in the California Military and Veterans Code, of at least 3% of overall dollars expended for Lottery contracts annually. The Lottery determines whether to include DVBE participation requirements in specific solicitations based on the availability of contracting or subcontracting opportunities within the scope of services of the particular contract.

While the Lottery has not established a DVBE participation requirement for this solicitation, in order to encourage DVBE participation, excluding media placement costs, the Lottery has applied a DVBE incentive. Participation in this program is OPTIONAL.

2. Small and Microbusiness Participation (SMP) (Attachment 5)

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

3. Major Agency Disclosure (Attachment 6)

Finalists will be required to disclose certain information pursuant to California Government Code section 8880.57. Any individual or entity in a Finalist’s organizational chain and any of the Finalist’s subcontractors may also be required to disclose similar information. The Lottery may refuse to enter into a contract based on the results of these disclosures. In order to ensure integrity, security, and honesty in its operation, the Lottery will conduct a thorough background check. This may include fingerprinting and a review of financial information. The Lottery may disqualify any Finalist if its related entities or their directors, officers, employees, or owners refuse to participate. The successful agency will be required to notify the Lottery of the identity of potential subcontractors and may be required to periodically update disclosure requirements during the term of the contract.

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

D. Phase II Finalist Competition

The Lottery will contact Finalists to schedule a group briefing day, individual Finalist work sessions, and Finalist presentations. At that time, the Lottery will also provide the following:

- Finalist Instructions and Brief
- Finalist Work Assignment
- Staff Plan and Compensation Proposal
- Finalist Evaluation Criteria
1. **Finalist Group Briefings**

   Approximately one week after announcement of the Finalists, the Lottery will hold Finalist briefings at Lottery Headquarters.

   There will be a group briefing with all Finalists to enable the Lottery to present information about its expectations with regard to the case study assignment.

   Following the group briefing, Finalist agencies will have a one-on-one opportunity to ask questions to the Lottery team. At least two business days before the Finalist briefings, Finalists will be required to submit a list of questions they wish to discuss in their one-on-one briefing.

   The Lottery will not provide input about specific creative strategies. Finalists will not be evaluated at these briefings.

2. **Finalist Work Sessions**

   The Finalist work sessions will include a face-to-face meeting between the Lottery evaluation team and each Finalist at the agencies’ offices. These meetings will be scheduled by the Lottery. The Lottery wants to meet the people that run each agency and the team that would lead the Lottery account. The Lottery Evaluation Team wants to assess the depth of each agency’s resources, measure its strategic “smarts,” and evaluate the intensity of its interest and commitment to the Lottery’s business.

3. **Finalist Work Assignment Presentations**

   Finalist agencies will be asked to complete and present a strategic, creative and integrated work assignment including media and online components. Presentations will be held at the agencies’ office. These meetings will be scheduled by the Lottery.

4. **Finalist Staff Plan and Compensation Proposal**

   In Phase II, each Finalist will receive a packet outlining the proposed sample description of work (for bidding purposes only) for the Lottery account. The packet will include instructions for organizing the proposed staff plan and corresponding compensation proposal. The objective of this portion of the Finalist phase is to evaluate the agency’s anticipated staff proposal and proposed compensation on both a stand-alone and comparative basis to facilitate an “agency-to-agency” evaluation.

E. **Phase II Evaluation**

   The DVBE and Small and Microbusiness Participation forms will be evaluated by the Lottery’s small business specialist.

   The Finalist competition will be evaluated by the Lottery Evaluation Team using the rating chart shown in Section III.
III. PROPOSAL EVALUATION PROCESS

A. Ratings

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

All materials and/or portions not identified as pass/fail will be evaluated using the rating chart shown below.

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

B. Best Value Analysis

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

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

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

IV. Proposal Packaging and Delivery

All Phase I submittal packages shall be received no later than -- January 21-2015, by 3:00 pm PST. Fax or electronic transmissions will not be accepted. Mail or deliver all proposals to:

California Lottery
Contract Development Services
700 North 10th Street
Sacramento, CA  95811-0393

Attention: Susana Sanchez
Response to RFP #50029
DO NOT OPEN IN MAILROOM

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

The original proposal must be marked "Original" and have original signatures. Any RFP attachment and/or form that requires a signature must be signed in ink (preferably in a color other than black) by a person who is authorized to bind the proposing firm. The Lottery desires that all requested documents be submitted on 8½" by 11" paper, one-sided, and at least 12 point font. In addition, the entire proposal shall be submitted on a flash drive or disc compatible with Microsoft Office 2010 or Adobe Acrobat Reader X(v10.1.10.).

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

- **Package 1** must contain one copy of the agency’s Phase I submittals on disc and one original and one paper copy of the following Phase I submittals:

  - Attachment 2, Certification
  - Attachment 3, Guaranty
• **Package 2** must contain **five copies** of the following Phase I submittals:

- Introduction Letter
- Attachment 1, Agency Fact Sheet
- Agency Profile
- Agency Case Histories
- Agency Media Case Histories

Each DVD must include a menu format (with English Subtitles where necessary) for the Agency Profile, Agency Case Histories and Agency Media Case Histories.
Exhibit A

SCOPE OF SERVICES

The Lottery ACM Agency will:

1. Assist in overall marketing analysis, strategy development, and positioning of the Lottery and its products in Asian Consumer Market, (e.g. Chinese, Korean, Vietnamese).

2. Share responsibility for planning, coordinating, and executing the Lottery’s overall marketing plan and in particular the Lottery’s ACM annual advertising plan.

3. Provide assistance on long-range plans and specialized programs as requested.

4. Interact and work with Lottery staff, other advertising agencies, and other marketing agencies to provide integration of advertising plans.

5. Review and assess general market messages for possible adaptation where strategically applicable to the ACM.

6. Create and produce customized Asian language, (e.g. Chinese, Korean, Vietnamese) advertising for the Lottery's existing products and new products and advise the Lottery on creative and talent matters relating to all production as necessary.

7. Develop ACM media plans and purchase ACM television, radio, print, outdoor, digital and any new media vehicles to market Lottery products.

8. Analyze and propose new media vehicles for effectively reaching ACM.

9. Provide a post-buy analysis of all media buys.

10. Assist in development of digital media strategies, including social media and search engine strategy and digital media negotiation, buying, and placement.

11. Assist with the Lottery’s econometric modeling to optimize campaign results for the maximum media return on investment.

12. Regularly monitor and assess developments in the California ACM and their implications for the Lottery and provide the Lottery with Asian cultural insights and ACM trends.

The Lottery’s ACM Agency may, at additional cost:

1. Provide Chinese, Korean, Vietnamese and other Asian language translation services as needed, including translation services for Lottery press releases, collateral and permanent items (e.g. how-to-play brochures, retail sell-sheets, Point-of-Sale and website pages).

2. Provide, upon request, an integrated public relations program for its marketing communications efforts in the areas of new media, online, media relations, crisis communications, and cross-cultural outreach.
Exhibit B

DRAFT CONTRACT TERMS AND CONDITIONS

1. GENERAL PROVISIONS

1.1 Parties and Authorization

The parties to this contract (Contract) are the California Lottery (Lottery) and ______________ (Agency). Each party acknowledges that it has read the Contract, understands it, and agrees to be bound by its terms. The person signing this Contract on behalf of Agency further warrants that he/she is an agent of Agency and is duly authorized to enter into this Contract on its behalf.

1.2 Initial Term of Contract

The initial Contract term is five years.

1.3 Option to Extend

The Lottery may unilaterally extend the Contract term, under the same terms and conditions, for up to two years.

1.4 Emergency Extended Service

At the Lottery’s request, Agency agrees to provide up to nine months’ additional emergency extended services under the same terms and conditions upon expiration of the Contract term and any extensions.

1.5 Transitional Service for Agency Change

The Lottery may require continuation of the Contract under the same terms and conditions, upon 30 days’ notice, for multiple 90-day periods to facilitate transition to a new agency. Agency agrees to maintain the service in a state of readiness for any such periods after completion of the Contract.

1.6 Full Force and Effect

This Contract is of no force and effect until it is signed by all parties and all approvals are secured ("execution"). Agency operates at its own risk if it commences performance before execution.

1.7 Amendment

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

As consideration for the compensation paid to Agency under this Contract, Agency agrees to perform all services and to fulfill all responsibilities as duly authorized by the Lottery and as detailed in Exhibit A, Scope of Services.

2. RELATIONSHIP AND AUTHORITY

2.1 Governing Law

This Contract is governed by and will be interpreted in accordance with California law. Agency acknowledges that the California State Lottery Commission (Commission) has the sole authority to exercise all powers necessary to effectuate the Lottery's purpose, and that the Commission retains all such authority under the Contract. Agency understands and agrees that its performance is subject to Lottery audit and oversight. Subject to these limitations, Agency has the power, authority, and discretion to act as may be necessary or desirable to properly, efficiently, fully, and completely perform the Contract.

2.2 Jurisdiction and Venue

The proposal process, the award procedure, and any contract resulting from this solicitation will be governed by and interpreted in accordance with this section. By signing the Contract, the Agency acknowledges and specifically agrees that the jurisdiction for any action hereunder will be the Superior Court, State of California, and the venue for any action hereunder will be Sacramento County. As consideration for entering into the Contract, Agency waives access to any other court that may have concurrent jurisdiction inside or outside of California and also agrees to exhaust all contractual and administrative remedies before instituting litigation relating to the Contract.

3. OBLIGATIONS OF THE PARTIES

3.1 Contract Managers

The parties’ Contract Managers are responsible for ensuring compliance with the terms and conditions of the Contract and, unless otherwise specified in the Contract, will have the authority to act for and bind their respective parties in connection with the Contract. Any change in Agency’s Contract Manager is subject to Lottery approval.

3.2 Key Personnel

A. The personnel specifically identified in Agency’s Staff Plan and Compensation Proposal are considered essential to the work being performed under the Contract. Before removing, replacing, or diverting any of the listed or specified personnel, Agency must (1) notify the Lottery Contract Manager in writing, and (2) submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the Contract.
B. Unless they are no longer employed by Agency, Agency may not remove, replace or divert personnel listed in Agency’s Staff Plan and Compensation Proposal without the Lottery Contract Manager’s written consent.

3.3 Prior Lottery Approval

The Lottery is not liable for payment for any work that Agency commences without prior written approval from the Lottery Contract Manager.

3.4 Licenses and Permits

Agency must be licensed to do business in California and must obtain, at Agency’s expense, all licenses and permits required by law for accomplishing any work required in connection with this Contract. Agency 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, Agency agrees to renew and provide the Lottery, upon request, with copies of the renewed licenses or permits.

3.5 News Releases

Agency must not issue news releases or make any statement to the media pertaining to this Contract without the prior written approval of the Lottery, and then only in cooperation with the Lottery.

3.6 Confidentiality of Parties

A. Agency 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, specifically required by court subpoena or order, or otherwise specifically permitted by the Contract.

B. The California Public Records Act requires public disclosure, upon request, of documents that pertain to state business. Exceptions to this requirement are limited. The Lottery may, in its discretion, withhold Agency material specifically and conspicuously identified by Agency as confidential if Agency has provided sufficient legal justification for doing so. The Lottery is under no obligation to inform Agency that a request for information has been made or that documents are being released. However, the Lottery may, in its discretion, allow Agency the opportunity to provide the Lottery with further legal justification for withholding specific information. Unless it receives a court order to the contrary, the Lottery retains the right to determine whether an exemption to the Public Records Act applies to Agency information being sought. Under no circumstance will the Lottery be liable to Agency or to any other person or entity for disclosing any Agency material, regardless of its designation by Agency as trade secret or confidential information.
4. GENERAL WARRANTIES AND REPRESENTATIONS

Agency warrants and represents the following:

A. Authority

Agency is authorized and prepared to enter into and fully perform the terms and conditions of the Contract. Agency has secured, or will have secured, at its own expense, and will maintain throughout the Contract term, all necessary rights, clearances, permits, governmental approvals, and licenses with respect to all material and elements embodied in, or used in connection with, the performance of the Contract;

B. Compliance with Law

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

C. No Infringement

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

No software program, process, composition, writing, equipment, appliance or device, trademark, service mark, logo, idea, or any other work or invention of any nature or any other tangible or intangible property whatsoever developed, provided or used by Agency (other than that provided or used by the Lottery or another contractor at the Lottery’s request) in connection with its performance under the Contract, infringes or will infringe any patent, copyright, trademark, logo or any other intellectual property of any other person, or entity, or is or will be a trade secret of any other person. Agency warrants and represents that it has appropriate products and controls in place to ensure against such infringement. Upon request, Agency will provide the Lottery with documentation indicating a third party’s written approval and license for Agency to use and sublicense the third party’s copyright, patent, trademark or trade secret;

D. Performance Standards

All services that Agency provides under the Contract will be performed in a prompt, competent manner by properly trained individuals in accordance with the highest standards of Agency’s industry;

E. Staffing

Agency will maintain the minimum staffing levels set forth in its Staff Plan and Compensation Proposal.
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 Commission.

5.2 **Frequency of Payment**

Agency will be paid upon submission of an invoice, monthly in arrears, upon approval by the Lottery Contract Manager.

5.3 **Payment and Invoicing**

A. **Payment**

The Agency will be paid in accordance with its Staff Plan and Compensation Proposal. 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 Agency 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 the California Prompt Payment Act. If Agency is a nonprofit organization and the value of the contract is less than $500,000, or if Agency is certified with the California 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 the California Prompt Payment Act.

B. **Invoicing**

Agency will submit invoices in triplicate on or about the 1st or 15th day of the month. Each invoice must identify the Lottery Contract number and list the services rendered, goods provided, and reimbursement claimed. Supporting documents must be provided with the invoice. The Lottery Contract Manager will review each invoice for completeness and accuracy and either approve or dispute it. 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 Agency of a disputed invoice within 15 calendar days of receipt of the invoice.
or delivery of goods or services, whichever is later. Unless disputed, payment will be made after goods and services are received. Agency must comply with Exhibit C, Cost Audit Guidelines. Invoices must be submitted to:

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

Agency is required to mark "Final Invoice" on the last invoice submitted to the Lottery for payment. Agency waives the right to receive any further payments under the Contract if no final invoice is received by the Lottery within 180 calendar days after the Contract is terminated or expires by its own terms.

5.4 Specialized Programs

At the Contract Manager’s discretion, Agency may be required to provide as-needed services in support of Specialized Programs that are within the Contract’s Scope of Services but are not addressed in the current Staff Plan and Compensation Proposal. Compensation for Specialized Program services may be in addition to the Retainer Fee and will be paid using an agreed-upon billing rate for each proposed Specialized Program service. With prior approval by the Contract Manager or designee, a portion of a project may be “pre-billed.” Documentation must verify that no more than 50% of the specialized service estimate with “pre-bill” backup will be billed prior to service. Documentation must also verify that the remaining amount of the estimate was invoiced after service was completed and must include backup for the entire Specialized Program. All Specialized Program services will require submission of an estimate prior to the start of any work and must be approved in writing by the Lottery Contract Manager or designee.

5.5 Full Compensation

The compensation to be paid to Agency, except as otherwise provided herein, is in consideration for all of Agency’s services and administrative expenses and all applicable taxes, known or unknown.

5.6 Notice of Monies Due

The Lottery will notify Agency in writing when and if any monies are due the Lottery. Any monies Agency owes the Lottery must be paid to the Lottery within 45 days after the postmark of the notice of the amount due or the amount due will be deducted from compensation otherwise due Agency by the Lottery.

5.7 Tie-In Promotion

The parties agree that it is in the Lottery’s best interest to pay the lowest price for media. In that regard, if the Lottery directly negotiates a tie-in promotion with a third party, depending on that party’s contractual obligations with its own advertising agency and that agency’s cost and mark-up, and if Agency’s cost and mark-up are the lowest, the Lottery may recommend to the
tie-in partner that Agency buy the media. However, if Agency’s agreement with a client creates a conflict of interest, Agency may decline the tie-in promotion media negotiation. The total mark-up for media may not exceed Agency’s mark-up provided in this Contract. The Lottery has final approval of media buys.

5.8 Tax Reporting

Agency is notified that Internal Revenue Code section 6041 and California Revenue and Taxation Code section 18646 require the Lottery to report certain payments. No claims for payment will be processed by the Lottery without the necessary information specified therein. Agency agrees to abide by these reporting requirements and to provide that information to the Lottery.

5.9 Lottery Travel Reimbursement - Audits

Agency is required to reimburse the Lottery for travel and per diem expenses for up to three Lottery staff members in connection with a start-up audit and audits of physical and logical security controls. Travel expenses (including air travel and car rental) will be reimbursed at the current California Department of Human Resources approved travel rates (www.calhr.ca.gov). Agency will only be required to reimburse the Lottery for travel and per diem expenses for up to a total of two separate audits.

6. LOSS PREVENTION

A. Agency must acquire and maintain insurance policies, bonds, and securities (Coverage) and indemnify the Lottery as set forth herein. The required Coverage must remain in force throughout the term of the Contract and any extensions thereto, and copies of the Coverage documents, including insurance policies, must be provided to the Lottery upon request. Proof of Coverage, including certificates of insurance for each required policy, must be provided to the Lottery within ten calendar days after execution of the Contract. In addition, proof of Coverage for renewals must be forwarded to the Lottery within ten calendar days of Coverage expiration. Each insurance policy must be issued by companies that are rated A-minus or better by the AM Best Company or meet the approval of the Lottery. If Agency’s Coverage provider cancels any required policy or other Coverage, Agency must immediately notify the Lottery and obtain replacement Coverage. Failure to provide and maintain any required Coverage may result in termination of the Contract.

B. Agency may not perform services or incur expenses until proof of Coverage, including certificates of insurance for the required policies, are received by the Lottery.

C. Agency may request adjustment to Coverage requirements by submitting a request in writing to the Lottery Contract Manager. Agency may not adjust Coverage amounts or insurance liability limits without prior written approval of the Lottery.
6.1 Workers’ Compensation

Agency 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 the California Labor Code.

6.2 Commercial General Liability Insurance

Agency must maintain Commercial General Liability insurance with limits of at least $1,000,000 for any one person and $2,000,000 for any one occurrence for death or bodily injury, and $2,000,000 for any one occurrence for property damage. The insurance policy must also include coverage for liabilities for premises, operations, products, advertising injury, and subcontractor operations. The policy must include the Lottery, Commission members, and Lottery officers and employees as additional named insured, insofar as operations under the Contract are concerned.

6.3 Indemnification

A. Agency shall indemnify and hold harmless, at Agency’s expense, the State of California, the Lottery, the Commission, and all Lottery officers and employees and their respective successors, heirs, representatives, administrators and assigns, from and against any and all responsibilities, suits, judgments, awards, costs, damages, claims, demands, actions, losses, settlements, costs, expenses (including attorneys’ fees and expenses), and/or liabilities of every nature threatened or brought against, sustained or incurred by any of them, whether joint, several, or individual (hereafter referred to as “claims”) resulting or arising from or in any way connected with (1) any act or omission of Agency or any of its officers, employees, subcontractors, or agents, whether negligent, unauthorized, intentional, or otherwise; (2) any infringing use of third-party intellectual property; (3) the inaccuracy or breach of any covenants, representations and warranties made by Agency as they occur; and (4) the breach of a term or condition of the Contract by Agency. The provisions of this section shall survive the termination or expiration of the Contract.

B. Agency shall provide the Lottery Contract Manager with immediate written notice of any action or suit threatened or filed against Agency that is related in any way to the Contract.

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

D. If the use of any element of advertising or other creative works developed, provided, used, or prepared by Agency is enjoined as a result of any such action or proceeding, Agency shall, at its own expense and at the Lottery’s option:

1. Procure for the Lottery the right to continue to use said element;

2. Replace said element with a comparable element which is non-infringing or is not a trade secret;
3. Modify said element so it becomes non-infringing or no longer is such a trade secret; or

4. Remove said element and pay to the Lottery any damages incurred by the Lottery as a result of the infringement.

6.4 Clearances, Releases, Waivers, Contracts and Licenses

Agency is solely responsible for securing, during the preparation of advertising materials and prior to the execution, printing, and/or airing of any advertising materials, any necessary searches, rights, clearances, releases, waivers, contracts and/or licenses with respect to any and all elements used in the materials, including but not limited to third-party intellectual property, names, likenesses, testimonials, scripts, musical compositions, creative and/or similar materials, elements, or rights embodied or to be embodied in materials developed, provided, used, or prepared by Agency under this Contract. Agency is solely responsible for obtaining trademark, trade name, service mark, house mark, copyright, slogan and/or logo (collectively referred as “mark”) searches on marks which are to be used as an element in a campaign theme, slogan, logo, or other advertising or promotional purpose by the Lottery. These responsibilities continue throughout the Contract term and any extensions. Agency shall provide the Lottery with a written assessment of all searches. Agency shall deliver to Lottery, immediately upon request, written documentation (a) evidencing Agency’s exclusive ownership rights or (b) its licensed rights as set forth above.

6.5 Media Liability

Agency must include a clause in its media purchase contracts providing that Agency is solely responsible for payment of all media invoices.

6.6 Nonexclusive Rights

Agency understands and agrees that the Lottery does not grant Agency exclusive rights to provide to Lottery those services listed in Exhibit A, Scope of Services. The Lottery reserves the right to acquire any services through another agency at any time. The Lottery’s good faith exercise of this right will not constitute a breach of the Contract.

7. CONTRACT OVERSIGHT

7.1 Background Investigations and Approval of Agency Staffing

A. The Lottery may conduct background investigations of Agency, its officers, directors, principals, investors, owners, employees, or other associates, and the officers, directors, principals, investors, owners, employees, and other associates of Agency’s parent entity, affiliates, subsidiaries, and subcontractors at any time during the life of the Contract, at the discretion of the Lottery Director. Agency understands and agrees that, in furtherance of the Lottery’s full disclosure requirements, any person associated with the performance of the Contract may be fingerprinted and may be required to complete a Personal History Statement and an Authorization to Release Personal Background Information form.
B. Agency may be required to reimburse the Lottery for necessary and reasonable costs incurred by the Lottery in conducting background investigations, including travel, lodging, per diem, document procurement, site inspections, and fingerprinting.

C. The Lottery may disapprove any Agency or subcontractor personnel assigned to the Lottery Contract for any reason, and all subcontracts must include a provision implementing this right. Any personnel deemed unacceptable to the Lottery must immediately be removed from the Contract assignment and all Lottery facilities.

D. Agency or subcontractor personnel must not be assigned to work on the Lottery Contract if they have ever been convicted of a felony, gambling-related offense, or a crime involving dishonesty.

E. Pursuant to California law, the Lottery may terminate the Contract based on the results of its investigations.

7.2 Agency Evaluation

The parties’ Contract Managers may meet as often as necessary, upon the Lottery’s request, to review and evaluate progress and performance. Review and evaluation criteria will be established by the Lottery Contract Manager and may include a review of problem areas, future performance, and any other subject relating to completion of tasks under the Contract.

7.3 Project Monitoring

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

7.4 Small Business Participation Monitoring

The Lottery will monitor Agency’s small business participation, if applicable. Documentation may be requested from Agency at any time.

7.5 Access to Financial and Accounting Records

Agency and its subcontractors must maintain and make available for Lottery inspection all Contract-related financial and accounting records and other documentation pertaining to the fulfillment of Contract obligations in accordance with generally accepted accounting principles and other procedures that may be specified by the Lottery. Agency must make these records and documents available to the Lottery upon request during the Contract term and for four years after the Contract expires.

7.6 Audit Provisions

A. Records Audit

During the Contract term and for four years thereafter Agency must provide all duly authorized representatives of the Lottery with full access to all Contract-related financial records, including access to individuals with knowledge of financial records. All duly
authorized representatives of the Lottery may examine, audit and copy all Contract-related records and documentation.

B. Right to Audit Agency's Operations

The Lottery may audit Agency’s records, procedures, and operations as they relate to the Lottery. Audits may include both announced and unannounced inspections and on-site audits. Audits may include the inspection of place(s) where duties under the Contract are being performed, review of physical or logical security controls, and review of information concerning any software provided under this Contract. The Lottery’s auditors or authorized representatives may conduct the audits.

Agency must ensure that any subcontractors providing services under the Contract fully comply with the Lottery’s inspections and on-site audits.

C. Audit Requirements for Media Purchases

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

D. Internal Control Audit

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

7.7 Dispute Resolution

A. If a dispute arises out of the Contract that remains unresolved after good faith negotiations between the Lottery and Agency, the parties will submit the dispute to binding arbitration unless the parties mutually agree to another form of alternative dispute resolution. Notwithstanding any dispute, Agency will proceed diligently with performance of the Contract.

B. Arbitration will be conducted under the Commercial Arbitration Rules of the American Arbitration Association. 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. The arbitration 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 law. The arbitrator’s decision will be final and binding, and will be provided in the proper form to be entered as a judgment in a court of competent jurisdiction in Sacramento County.
C. In the event that the parties agree on another form of alternative dispute resolution to address a particular dispute, this section will not be construed to limit the parties’ ability to utilize such a process. Any alternative dispute resolution process that is mutually agreed upon by the parties will be considered final and binding on both parties, and no further process will be permitted.

7.8 Notice of Delay

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

7.9 Samples

Samples of items, work, goods, materials, products, deliverables, services, advertising, and similar Contract-related products may be required by the Lottery and must be furnished free of expense to the Lottery.

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 Agency, terminate the Contract in whole or in part, at the Lottery's sole discretion, if any of the following occur:

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

2. Agency fails to make progress, such that it endangers performance of the Contract;

3. Agency fails to perform any material provision of the Contract;

4. Agency fails to sustain a level of economic viability in its overall operations such that the Lottery can reasonably be assured of Agency's ability to continue to comply with all operational requirements of the Contract, including those provisions relating to loss prevention;

5. A court of competent jurisdiction finds that Agency, its principals, or its assigned personnel has failed to adhere to any law, ordinance, rule, regulation or order, where such failure may call into question the security, integrity or competence of Agency to serve as a Lottery contractor;
6. Agency fails to communicate with the Lottery on material matters such that performance of the Contract is endangered;

7. Agency breaches the Contract's standard of confidentiality;

8. Agency engages in conduct that is likely to create a negative public impression or that creates the appearance of impropriety with respect to the Lottery, Agency, or the State of California;

9. Agency has knowingly or with reckless disregard for the truth furnished any material statement, representation, warranty, or certification to the Lottery that is false, deceptive, or incomplete.

B. The Lottery may exercise its right to terminate the Contract under this subsection if the Lottery Contract Manager notifies Agency of the breach and Agency does not cure it within the Lottery's established timeline. In that event, the Lottery may obtain a replacement agency on an emergency or interim basis to provide the services and/or goods which Agency agreed to provide under this Contract. The Lottery will collect from Agency the difference between the compensation stated in this Contract and the actual cost to the Lottery of obtaining and utilizing an interim replacement agency. The Lottery will also collect actual costs, including administrative expenses and re-procurement costs, incurred to process and procure a permanent replacement agency. The Lottery may collect monies it is due by offsetting the amount from any payments due Agency, by perfecting and executing on any security interest provided under the Contract, or by any other available means.

C. If the Lottery terminates the Contract for default, the Lottery may require Agency to transfer title and deliver to the Lottery any 1) completed or partially completed goods and materials; and 2) license rights to any intellectual property that Agency has produced or acquired for the Contract, in addition to any other property in Agency's control in which the Lottery has an ownership interest. Agency must protect and preserve property in its possession in which the Lottery has an interest. Where specified, the Lottery will pay the Contract price for any completed goods, materials, and license rights that are delivered and accepted pursuant to this section. Where payment amount is not specified in the Contract, Agency and the Lottery will agree on a reasonable amount of payment for goods, materials, and license rights delivered to, and accepted by, the Lottery. Failure to agree will be a dispute subject to the section herein entitled Dispute Resolution. The Lottery may withhold from any amounts due Agency 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 set forth 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 the Contract, in whole or in part, and reduce Agency's future compensation under the Contract immediately upon its determination that an activity or operation supported by the Contract is no longer lawful for reasons including, but not limited to,
court decision, legislative action, administrative decision, or advice of counsel. Upon receipt of notice of termination or reduction based on a finding of illegality, Agency will immediately cease performance of such activity or operation and mitigate its damages. Agency will submit, within 90 calendar days of the receipt of a notice of termination or reduction pursuant to this subsection, a compensation reduction proposal. If Agency and the Lottery fail to agree on the amount of compensation reduction, the Lottery will reduce the compensation as reasonably 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 (Notice of Termination) to Agency of no fewer than 30 days. The Notice of Termination shall contain the effective date of termination. On the date of termination set forth in the Notice of Termination, Agency will cease performance and mitigate damages. Agency will be entitled to compensation, upon submission of invoices and proper proof of claim, for the portion of the Contract that was satisfactorily rendered or provided before the effective date of termination. The Lottery may also compensate Agency for expenses incurred as a result of binding commitments made in connection with Agency's performance of the Contract, provided that the commitments were incurred prior to receipt of Notice of Termination and only with the written approval of the Lottery Contract Manager. Compensation for such expenses lies within the sole discretion of the Lottery. Agency must submit proof of such expenses incurred to the Lottery's satisfaction. In the event of termination for convenience, Agency 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 Agency

Upon termination or other expiration of the Contract, each party will assist the other party in the orderly termination and transfer of all Contract-related assets, tangible and intangible, as may facilitate the orderly, non-disrupted business operations of each party. Agency will continue to provide goods and services pursuant to the Contract until migration to a replacement contract with a new agency is complete. If it is necessary for the migration effort to continue beyond the term of the Contract, Agency agrees to extend the Contract as provided herein for the time necessary to complete the migration and orderly transfer.

9 MISCELLANEOUS PROVISIONS

9.1 Force Majeure

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

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

9.2 Waiver of Provisions

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

9.3 Order of Precedence

The Contract consists of the following documents. If there are inconsistencies or ambiguities in the Contract, the following documents will be used to interpret the Contract in this order of precedence:

A. Lottery Standard Agreement Number #50029, with all exhibits, attachments, addenda, and other incorporated documents, and all amendments thereto;

B. The Lottery’s Request for Proposal (RFP) #50029, with all exhibits, attachments, addenda, and other incorporated documents, and all amendments thereto;

C. Agency’s response to RFP #50029 and any clarifications submitted in response to requests made by the Lottery.

9.4 Notices in General

Any notice, request, demand, consent, waiver, or other item required or permitted under the Contract or under applicable law must be in writing and will be deemed duly given or made only if: (a) it is personally served upon the party intended to receive it, in which case it is effective when delivered; (b) it is sent by certified mail, return receipt requested, postage prepaid, addressed to the receiving party at the address set forth below, in which case it is effective upon receipt at that address by any agent or employee of the receiving party; (c) it is sent by FAX with a copy also 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; or (d) it is transmitted by email to the Lottery Contract Manager before 5:00 p.m. Pacific Time on a business day, in which case it is effective as of the date the email is sent - if transmitted after 5:00 p.m. Pacific Time or on a non-business day, notice will be effective as of the next business day. A party may change its contact information for purposes of receiving notice only by giving written notice to the other party in the manner set forth herein.
LOTTERY

Name: California Lottery
Address: 700 North 10th Street
        Sacramento, CA 95811
Phone #: (916)
FAX #:   (916)
Attention: (Name of Lottery Contract Manager)
Email:   (Contract Manager’s Email)

AGENCY

9.5 Invalidity in Whole or in Part/Severability

If any provision of this Contract is found to be 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 provision, and the invalid provision will be deemed severable.

9.6 Execution of Counterparts

The parties agree that an executed copy of this Contract has the same force and effect as the original.

9.7 Sections and Subsection Headings

The section and subsection headings contained herein are for convenience of reference only. They will not be used to interpret or define the scope of any provision of the Contract.

9.8 Assignment

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

B. All assignment requests must be submitted in writing to the Lottery Contract Manager.

C. In addition to obtaining the prior written consent of Lottery, any attempt to assign performance of the Contract, or any portion of the Contract, is void unless all of the following conditions have been met: (1) the terms of the Contract are included in the assignment and agreed to by the assignee; (2) the Lottery has reviewed and approved all pertinent disclosure information; and (3) the Lottery has reviewed and approved the final written assignment.

9.9 Subcontracting

A. Agency may subcontract part of its work upon Lottery approval. However, nothing contained in this Contract creates any contractual relationship, third party or otherwise,
between the Lottery and any subcontractors. Furthermore, Agency agrees to be as fully responsible to the Lottery for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by them as it is for the acts and omissions of persons directly employed by Agency.

B. Agency must follow the Lottery’s competitive bidding procedures if the estimated subcontracted amount is over $100,000. The Lottery’s competitive bidding procedures may be found at www.calottery.com/media/lottery-regulations.

C. For each proposed subcontract, Agency must submit a written request for approval to the Lottery Contract Manager. The Lottery Contract Manager may disapprove a subcontractor at any time, in which case the subcontractor must immediately be removed from the Contract assignment and all Lottery facilities.

D. Agency's obligation to pay its subcontractors is independent from the Lottery's obligation to make payment to Agency. The Lottery will not make direct payment to subcontractors, nor will it be responsible for monies owed by Agency to subcontractors.

9.11 Independent Contractor

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

9.12 Joint Ventures and Partnership – Joint and Several Liability

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

9.13 Travel and Expenses

Travel and per diem may be reimbursed only when the Lottery expressly requests the presence of Agency staff. Pre-approved travel and expenses (housing, meals, air travel, and car rental) will be reimbursed at the current approved travel rates for excluded employees, as set by the California Department of Human Resources. (Current rates can be found at www.calhr.ca.gov)

9.14 Standards of Conduct

Agency is responsible for maintaining satisfactory standards of employee competency, conduct, appearance, and integrity. Agency is responsible for ensuring that, while on Lottery premises, Agency employees do not disturb papers on desks, open desk drawers or cabinets, or use Lottery equipment except as authorized.
9.15 Persons Ineligible for Prizes

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

10. OWNERSHIP AND DEVELOPMENT

10.1 Lottery Intellectual Property

A. Intellectual property owned by the Lottery, including but not limited to trademarks, logos, trade secrets, and copyrights, is hereinafter collectively referred to as “Lottery Property.”

B. Lottery Property is at all times the sole and exclusive property of the Lottery.

C. Unless approved by the Lottery Contract Manager in writing, Lottery Property may not be revised or altered by Agency in any way, and must be displayed as provided by the Lottery.

D. Lottery Property must be used by Agency in a professional manner and solely in connection with the activities authorized under the Contract. Agency must not permit any third party to use Lottery Property without the express prior written approval of the Lottery. Lottery Property may not be used by Agency in any manner that: diminishes their value or otherwise dilutes the marks; discredits the Lottery or tarnishes the Lottery’s reputation and goodwill; is false, misleading or likely to cause confusion; is fake or deceptive; violates the rights of others; violates any federal, state or local law, regulation or other public policy; or mischaracterizes the relationship between the parties, including but not limited to the fact that the Lottery is a separate and distinct legal entity from Agency.

E. The Lottery has the right, from time to time, to request complete samples of use Lottery Property by Agency from which the Lottery may determine compliance with these terms and conditions.

F. Use of Lottery Property by Agency creates no rights for Agency in or to such Property or its use beyond the terms and conditions of this Contract. All usage of Lottery Property by Agency will terminate immediately upon the termination or expiration of this Contract. Agency’s obligations to protect Lottery property will survive the termination or expiration of this Contract.

10.2 Ownership

Except as otherwise specified herein, the Lottery owns and retains all right, title and interest in and to all deliverables and all other results and proceeds of the services hereunder, in all stages of completion, including without limitation any tangible or intangible items or things that
have been or will be prepared, created, maintained, serviced, developed, incorporated, provided or obtained by Agency (or such third parties as Agency may be permitted to engage) at any time following the effective date of the Contract, for or on behalf of the Lottery under the Contract, including but not limited to any (i) works of authorship (such as literary works, musical works, dramatic works, choreographic works, pictorial, graphic and sculptural works, motion pictures and other audiovisual works, sound recordings and architectural works, which includes but is not limited to lottery games, game names, game designs, ticket format and layout, manuals, instructions, printed material, graphics, artwork, images, illustrations, photographs, computer software, scripts, object code, source code or other programming code, HTML code, data, information, multimedia files, text web pages or web sites, other written or machine readable expression of such works fixed in any tangible media, and all other copyrightable works), (ii) trademarks, service marks, trade dress, trade names, logos, or other indicia of source or origin, (iii) ideas, designs, concepts, personality rights, methods, processes, techniques, apparatuses, inventions, formulas, discoveries, or improvements, including any patents, trade secrets and knowhow, (iv) domain names, (v) any copies, and similar or derivative works to any of the foregoing, (vi) all documentation and materials related to any of the foregoing, and (vii) all other goods, services or deliverables to be provided to the Lottery under the Contract (collectively the “Work Product”). To the maximum extent permitted under applicable law, the Lottery is be deemed to be the "author" of all Work Product and all such Work Product will constitute "works made for hire" under the U.S. Copyright Act (17 U.S.C. §§ 101 et seq.) and any other applicable copyright law. Agency hereby waives any and all moral rights or equivalent rights under the laws of any applicable jurisdiction (including without limitation rights of integrity and attribution) in and to the Work Product. To the extent that any Work Product does not constitute a work made for hire, Agency hereby irrevocably transfers and assigns to the Lottery all right, title and interest in and to the Work Product, including without limitation all copyrights, patents, trademarks and other intellectual property and proprietary rights therein throughout the world.

10.3 Detail of Rights

Agency acknowledges and agrees that, without limiting the above subsection entitled “Ownership,” the rights vested in and transferred to the Lottery with respect to the Work Product include, without limitation, the following:

A. **Copyright.** The Lottery will be the sole owner of the undivided interest in all copyrights and all similar or equivalent rights throughout the world in the Work Product, whether vested, contingent or future, including without limitation all economic rights and the exclusive rights to reproduce, fix, adapt, modify, translate, create derivative works from, manufacture, market, introduce in circulation, publish, make available, distribute, sell license, sublicense, transfer, rent, lease, transmit or provide access electronically, broadcast, display, perform, enter into computer memory, and use the Work Product, all modified and derivative works thereof, all portions and copies thereof in any form.

B. **Moral Rights.** Agency and all of its employees, persons, subcontractors and other entities who may have claims of moral rights (or similar or equivalent rights under the laws of any jurisdiction) in any part of the Work Product, have agreed or Agency will obtain their agreement that (i) they have no objection to publication, use and exploitation of the Work Product as contemplated by this Contract; (ii) they will remain anonymous authors without attribution or credit, acknowledging that the Lottery or its
designees may be designated as author; (iii) the Lottery or its successors, assigns or licensees may make future modifications and adaptations to the Work Product, and may make disclosure and disposal of the Work Product, and any modifications thereof, in the manner that the Lottery or its successors, assigns or licensees see fit; without any right of approval, withdrawal or public renunciation by such persons, and (iv) their remuneration for the Work Product is complete, adequate and reasonable. For any and all such rights in the nature of moral rights or otherwise that are not capable of vesting in or transfer to the Lottery under applicable law, Agency waives and agrees never to assert such rights against the Lottery or its successors, assigns or licensees.

C. **Patent, Design, Trademark Rights.** The Lottery will be the sole owner of all rights in and to any inventions, designs, database rights, and marks embodied in the Work Product or developed in the course of creation of the Work Product, including without limitation all utility and design patent rights and equivalent rights in and to such inventions and design rights, and all trade and service mark rights, throughout the world.

D. **Exclusive Worldwide License.** In the event that by operation of law, notwithstanding Agency’s execution of any further documents to effectuate the transfer of rights to the Lottery hereunder, Agency is deemed to have retained rights in any portion of the Work Product, Agency grants to the Lottery, its successors, assigns, and licensees, an exclusive, irrevocable, perpetual, worldwide, fully-paid, royalty-free license to reproduce, fix, adapt, modify, translate, create derivative works from, manufacture, introduce into circulation, publish, distribute, make available, sell, license, sublicense, transfer, rent, lease, transmit or provide access electronically, broadcast, display, perform, enter into computer memory and use and otherwise exploit the Work Product, all modified and derivative works thereof, all portions and copies thereof in any form, and all inventions, designs and marks embodied therein, throughout the world in all media whether now known or hereafter devised.

E. **Rights in Tangible Media.** The Lottery will be the sole owner of all tangible and intangible copies, documents, magnetic or optical media, or other materials, chattel or personal property created by or for Agency in connection with this Contract. Upon written notice from the Lottery, Agency must deliver to the Lottery all embodiments of the Work Product, in electronic and tangible formats as specified by the Lottery, and/or destroy and certify destruction of all copies of the Work Product in Agency’s possession or control. Agency must maintain the Work Product and other Lottery materials in accordance with the Lottery’s information security requirements and will certify in writing compliance with such requirements upon request.

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

10.4 Acknowledgments

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

10.5 Further Assurances

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

10.6 Third-Party Materials

Agency will not disclose to the Lottery or use in its work any trade secrets or confidential information of a third party which Agency is not lawfully entitled to disclose or use in such manner. Agency will not use any equipment, supplies, facilities, computer code, work product, inventions, materials or intellectual property of any other party (the "Third-Party Materials") in any Work Product or in Agency's performance under this Contract unless: (a) Agency has the full right and authority to do so without violating any rights of any third party; (b) Agency has obtained all necessary rights to enable Agency to perform its obligations under the Contract and grant the rights granted herein and to permit the Lottery to utilize the Third-Party Materials as contemplated under this Contract at no additional cost to the Lottery; (c) the Lottery's use of such Third-Party Materials will not restrict or impair in any manner its use, in perpetuity, of any deliverables or Work Product or subject the Lottery to any obligation or liability; and (d) such
Third-Party Materials are specifically identified to the Lottery in writing in advance of any use and the Lottery has agreed in writing to such use.

10.7 Transfers and Consents

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

11. LOTTERY INFORMATION SECURITY STANDARDS

11.1 Information Security

Information security is the protection of the integrity, availability and confidentiality of information and the resources used to enter, store, process and communicate the information.

Agency must establish and maintain adequate security controls, policies, standards, and procedures to 1) prevent unauthorized access; 2) protect the confidentiality, integrity, and availability of Lottery information, assets and services, and; 3) protect the privacy of personal information or personally identifiable information stored, existing in real time, or in transit, associated with the Contract.

Agency must comply with applicable Lottery Information Security policies and implement controls that provide the same or higher level of protection. Agency must also operate in accordance with California state and federal laws related to the protection of information assets and the timely and efficient management of security incidents, including corrective action.

11.2 Data Confidentiality, Integrity, Availability and Management

Agency must ensure the confidentiality, integrity and availability of the data collected or generated associated with this Contract.

Data will only be collected and retained for legitimate business purposes associated with the Contract. All electronic Lottery protected information, whether at rest or in transit, must be encrypted with an approved FIPS 140-2 or higher compliant encryption solution. All data will be confidentially destroyed or returned to the Lottery as directed by the Lottery. Agency’s data handling processes must comply with the Lottery’s Information Security policies and provide
the same if not higher level of protection. Copies of these policies will be provided upon request.

11.3 Agency Responsibilities

Information security must be ensured by Agency as Agency may have physical or electronic access to the Lottery’s protected information, and this information may be contained in systems that directly support the Lottery’s mission. This includes IT hardware and software, and the services associated with the management, operations, maintenance, programming and system administration of computer systems, networks, telecommunications systems, and social media. This also includes access to printed materials and other paper records. Examples of Contract tasks that require information security adherence include but are not limited to:

A. Access to the Lottery’s protected data, legally protected data, financial data, or any commercial data that is proprietary to a third party;

B. Access to the Lottery players’ data, retailers’ data, or any other protected customer or business related data;

C. Acquisition, transmission, or analysis of data owned by the Lottery with significant replacement costs should Agency’s copy be corrupted; and

D. Access to the Lottery’s networks or computers at a level beyond that granted to the general public.

Agency and all Agency personnel must not use or redistribute any Lottery information processed, stored, or transmitted by Agency except as specified in the Contract or upon written Lottery approval.

All Agency personnel requiring access to Lottery information, information systems, networks, or data must comply with Lottery security, privacy, and social media policies, in addition to all applicable California and federal statutes.

11.4 Physical Security

Agency must take appropriate measures to prevent the loss, theft, damage and misuse of all equipment associated with the Lottery Contract and maintained by Agency.

11.5 Information Security Breach

An information security breach is defined as the unauthorized acquisition of information or computerized data that compromises the security, integrity, confidentiality, privacy, or availability of information associated with the Lottery Contract and maintained by Agency.

Agency must comply with California Civil Code section 1798.82 et seq., applicable to any person, business, or state agency (“Entity”) that does business and owns or licenses data that contains personal information (PI), or personally identifiable information (PII).
Agency must disclose to the Lottery any breach of the security of any information system, data, or system containing PI or PII, including a breach where the information system, data or system information was or is reasonably believed to have been acquired by an unauthorized person. Agency must notify the Lottery Contract Manager and the Lottery Deputy Director of Security / Law Enforcement (SLED) within two hours of any confirmed or suspected security incident or breach.

If Agency maintains computerized data pursuant to the Scope of Work for the Contract and Agency does not own this data, Agency must also notify the owner or licensee of the information of any breach of the security of the data immediately following discovery, if the PI or PII was, or is reasonably believed to have been acquired by an unauthorized person.

The disclosure of the breach must be made in the most expedient time possible and without unreasonable delay, consistent with any measures necessary to determine the scope of the breach and restore the reasonable integrity of the data system.

Security Breach Contact Information:

Lottery Contract Manager
Name:
E-Mail:
Phone:

Lottery Deputy Director, Security and Law Enforcement Division
Phone: (800) LOTTERY

Lottery Information Security Office
E-Mail: iso@calottery.com

11.6 Information Security Audit

Agency must keep audit logs of any access or other activities associated with Lottery information. The Lottery has the right to audit Agency’s information security controls and associated plans and processes to verify compliance with the Contract.
Exhibit C

COST AUDIT GUIDELINES

This section is supplemental to the requirements of Exhibit B, Contract Terms and Conditions.

- **Estimate Requirements.** An approved and signed estimate must be on file at the Lottery for all invoices received. All estimates must include the following information either on the estimate, or on an attachment to the estimate. If the information is provided on an attachment, the attachment must be referenced on the estimate.

  - Estimate/Job Number
  - Product/Project Name
  - Job Description
  - Estimated Cost
  - Air Dates

1. **Subcontracted Work.** All estimates for subcontracted work must be submitted from the Agency, specifying Agency job number and product/project. The Agency is solely responsible for processing of all subcontractor estimates. Agency must retain and make available upon request documentation verifying cost breakdowns. All subcontractor documentation is subject to the same guidelines set for Agency invoicing.

2. **Production.** All production estimates of $100,000 or more must be submitted with copies of competitive bids obtained and, if not using the lowest bid, a justification of why the lowest bid is not being used must be attached. Line item descriptions will reflect only those line items included in the job estimate. Line item documentation that includes line items not on original or revised estimate will not be reimbursed.

   Documentation must verify that no more than 50% of a TV advertising production estimate with “pre-bill” backup will be billed prior to service. Documentation must verify that the remaining 50% was invoiced after service was performed and must include backup for the entire job. Production invoices must be submitted within 120 days from date service was provided. After the final invoice is submitted, Agency must provide a closeout report detailing billing history and actual dollars spent per job.

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

3. **Media.** Agency must maintain documentation that supports invoices, including when applicable an industry standard summary report (such as the Donovan Data System or similar report). Agency must submit such documentation to the Lottery upon request. Media invoices will only be paid upon completion of broadcast months. All media credits must be submitted to the Lottery as soon as possible. Within 120 days of the completion of the flight, Agency must provide a closeout report detailing billing history and actual dollars spent per job.
Individuals designated by the Lottery must, with reasonable notice, have access to review verification documentation, Agency media purchase invoices, and any other related documents including but not limited to station affidavits and video verification, to confirm media purchase costs. These reviews may take place at the Agency’s office during regular business hours or may be conducted by submission of written material to the Lottery.

4. **Shipping/Freight Charges.** Agency is expected to utilize lowest cost modes and carriers to safely transport their shipment. Shipping costs should be submitted on a separate invoice from all other production costs in order to expedite payment. Shipping/Freight charges included in production invoices may delay full payment of the invoice. All shipping/freight charges over $25.00 must have supporting pre-paid freight bills available upon request.

5. **Travel.** Agency must have prior approval from the Lottery. Pre-approved travel and expenses (including air travel and car rental) will be reimbursed at the current Department of Human Resources Approved Travel rates for Excluded Employees (www.calhr.ca.gov).

6. **Miscellaneous Costs.** Must be itemized with backup receipts.

7. **Revised Estimates.** A revised estimate reflecting all services or charges which may amount to more than 10% over the original estimate must be approved by the Lottery prior to additional performance and must be accompanied by a written justification stating why the increase in cost was necessary. Revised estimates should also include previous approved amounts and/or history of amounts.

   All mutually-agreed-upon changes relating to any of the following areas must be followed by a revised estimate reflecting the changes:

   - Job Description
   - Estimated cost in excess of 10% over original estimate
   - Air Dates (if applicable)

   All canceled jobs must be followed by a closeout report reflecting all canceled portions of the job and any expenses actually incurred prior to cancellation.

   All jobs which are closed under the estimate must be followed by a closeout report. Once a closeout report is submitted, no further billing can be submitted.

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

8. **Revised Estimates for Specialized Programs.** Costs for Specialized Programs may not exceed their original estimated cost in any amount without prior Lottery approval and prior submission of a revised estimate.
Attachment 1

AGENCY FACT SHEET

Company: ________________________________________________________________

Address: __________________________________________________________________________________

Phone: _____________________________ Email: ________________________________

Names and Titles of Principals: ________________________________________________

Key Business Contact ________________________________Phone: _____________________

A. Agency History, Ownership and Key Employees

1. Founding Date. When was your office opened?

2. Mergers and Acquisitions. List any subsequent mergers, acquisitions or name changes.

3. Current Ownership. Who are the current owners of your agency?

4. Key Executives. Provide a short biography of no more than six of your office’s key executives and describe their current roles.

5. Parent Company/Affiliation. Provide a listing of all companies/agencies that are owned or affiliated with your parent company.

B. Current Clients, Account Gains and Losses

1. Current Clients. List all current clients—brands, products and services—managed by your office. Rank them by size, indicate the services provided, the dates they were acquired and, if possible, approximate budget ranges for each.

2. Account Gains. Of the accounts acquired within the past two years, please comment on why your agency was chosen to service these new accounts.

3. Account Losses. Of the accounts lost in the past two years, explain why they left or were resigned by the agency.
C. Current Size and Current Distribution by Media

1. Current Size. Summarize the total billings for calendar years 2013 and 2014, number of employees and number of accounts currently being handled directly by your office.

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Total Billings Per Year</th>
<th>Number of Employees</th>
<th>Number of Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Spending by Media. Chart your agency's current spending by media—network TV, spot TV, radio, outdoor, newspapers, consumer magazines, trade publications, digital, direct response, etc. Provide rough figures and percentages by media using the grid below.

PERCENTAGE BREAKDOWN BY MEDIA:

<table>
<thead>
<tr>
<th>Television:</th>
<th>Print:</th>
<th>Other:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network</td>
<td>Newspapers</td>
<td>Outdoor</td>
</tr>
<tr>
<td>Spot</td>
<td>Consumer Pubs.</td>
<td>Direct Mail</td>
</tr>
<tr>
<td>Syndicated</td>
<td>Trade</td>
<td>Radio</td>
</tr>
<tr>
<td>Cable</td>
<td></td>
<td>Digital/Interactive</td>
</tr>
<tr>
<td>X%</td>
<td>X%</td>
<td>X%</td>
</tr>
</tbody>
</table>

D. Scope and Nature of Agency Services

1. Agency Services. List the various services offered by your agency and the number of full-time employees dedicated to each department (e.g. account management, strategic services (including account and communications planning, research, etc.), creative (including digital), media planning and buying (including digital media, social media, search engine marketing), production (broadcast, online, print production, etc.), direct and customer relationship management, PR, promotional and experiential marketing.)

2. Digital Services. In addition to any digital services listed above, please describe established strengths and capabilities in the digital realm including your online marketing affinity, website development, ecommerce, site hosting and maintenance, and database analytics and maintenance capabilities. Please indicate if you rely upon a trusted partner(s) for all or one of these tasks. Feel free to include any process charts to illustrate your specific approach.

3. Other Specialized Services. List any other specialized services your agency offers to its clients, either directly or indirectly through its parent or sister companies, subsidiaries, or network of affiliations.

4. Media Management. Describe your capabilities and strengths in media research, planning, buying, monitoring and overall stewardship of your clients' funds. Please make sure you address traditional as well as digital media as applicable.
5. **Use of Media Buying Services.** If all or a certain portion of your clients' media is not planned or purchased by your agency, please indicate with whom the agency works in this regard.

**E. References**

1. **Client references.** List six client references (name, title, company, address, telephone, email) the Lottery may contact to determine the effectiveness of your creative.
Attachment 2

CERTIFICATION
(Page 1 of 6)

I. AGENCY INFORMATION

Name of agency: _____________________________________________________________

Address: ___________________________________________________________________

State/City/Zip Code: ___________________________________________________________________

Contact Person: _____________________________ Telephone: _____________________

Email: _____________________________________

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

1. 
   (Name) (Title)
   (Address)

2. 
   (Name) (Title)
   (Address)

(Attach additional pages if needed.)

II. AGENCY CERTIFICATION

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

A. The agency meets all minimum qualifications specified in the section entitled “Minimum Agency
   Qualifications.”

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

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

D. The agency has made no attempt to induce any other person or entity to submit or not to submit a
   proposal.
Attachment 2

CERTIFICATION
(Page 2 of 6)

E. The prices in the proposal have been developed and calculated independently, without consultation, communication or agreement on any matter relating to such prices with any other agency or competitor for the purpose of restricting competition or providing a competitive advantage.

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

G. The agency agrees to provide insurance/bond coverage as described in the Contract Terms and Conditions.

H. Recognizing that initial payments to the agency may be delayed approximately 45 days, the agency has sufficient resources to meet his/her obligations during this period.

III. AGENCY CERTIFICATION CLAUSES

By executing this Certification, the prospective agency or its authorized representative certifies under penalty of perjury that the prospective agency has reviewed and agrees to be bound to the Contract Terms and Conditions and the following agency Certification Clauses.

A. NONDISCRIMINATION CLAUSE: During the performance of this Contract, agency and its subcontractors will not unlawfully discriminate, harass or allow harassment, against any employee or applicant for employment because of sex, sexual orientation, race, color, ancestry, religious creed, national origin, disability (including HIV and AIDS), medical condition (cancer), age, marital status, and denial of family care leave. Agency and subcontractors will insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Agency and subcontractors will comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12990 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into the Contract by reference and made a part thereof as if set forth in full. Agency and its subcontractors will give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Agency will include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Contract.
B. **DRUG-FREE WORKPLACE REQUIREMENTS:** Agency 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 agency’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 under the Contract must receive a copy of the agency’s drug-free workplace policy statement and agree to abide by the terms of the agency’s statement.

4. Failure to comply with these requirements may result in suspension of payments under the Contract or termination of the Contract, and the agency may be ineligible for award of any future state contracts if the agency has made false certification, or violated the certification by failing to carry out the requirements as noted above.

C. **NATIONAL LABOR RELATIONS BOARD CERTIFICATION:** The agency certifies that no more than one final unappealable finding of contempt of court by a federal court has been issued against the agency within the immediately preceding two-year period because of the agency’s failure to abide by a federal court order to comply with a directive of the National Labor Relations Board.

D. **DOMESTIC PARTNERS:** For contracts executed or amended after July 1, 2004, the agency may elect to offer domestic partner benefits to the Agency’s employees. The agency 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: The agency is aware of the following provisions regarding current or former state employees. If the agency has any questions about the status of any person rendering services or involved with the Contract, the Lottery will be contacted immediately for clarification.

Current State Employees:

1. No state officer or employee may 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 state officer or employee may contract 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 the agency violates any of the above provisions, such action by agency will render this Contract void.

4. Members of boards and commissions are exempt from this section if they do not receive payment other than payment for each meeting of the board or commission, payment for preparatory time, and payment for per diem.

B. LABOR CODE/WORKERS' COMPENSATION: The agency is aware of the provisions which require every employer to be insured against liability for Worker's Compensation and the agency agrees to comply with such provisions before commencing work on this Contract.

C. AMERICANS WITH DISABILITIES ACT: The agency assures the Lottery 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 and all California accessibility statutes and regulations.

D. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

1. The agency certifies it is currently qualified to do business in California.

2. The agency certifies that it is in good standing with the California Secretary of State’s Office.

E. AIR OR WATER POLLUTION VIOLATION: The agency 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 agencies except state agencies or other governmental entities.

V. CONFIDENTIALITY STATEMENT

A. I warrant that neither the agency nor its employees will disclose any document, diagram, or information made available to it by the Lottery. I warrant that only those employees who are authorized and required to use such information will have access to it.

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 may subject the agency to criminal and civil liability, I authorize the Lottery to inspect and verify the above.

C. I further warrant that if awarded the Contract, the agency will not disclose to any third party information pertaining to the Contract prior to receiving the written consent of the Lottery.
Attachment 2

CERTIFICATION
(Page 6 of 6)

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the agency and prospective agency to the clause(s) above and that the signature affixed below and dated constitutes a certification that all information provided by the agency and prospective agency is true and correct.

<table>
<thead>
<tr>
<th>Contractor/Agency Firm Name (Printed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By (Authorized Signature)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Printed Name and Title of Person Signing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date Executed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>
Attachment 3

GUARANTY
(Page 1 of 2)

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

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

☐ B. If the agency is a subsidiary corporation, it must have this guaranty completed by the parent corporation to guaranty the full and prompt performance of all covenants and terms and conditions of this RFP and any resulting Contract.

1. The parent company ______________________________ (guarantor) has the financial ability to meaningfully support such guaranty;

2. The official signing of this guaranty is authorized to bind the guarantor corporation;

3. The guarantor 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 make such award in reliance upon the guaranty;

6. The undersigned corporate officer warrants (1) that he or she has personally reviewed all pertinent corporate documents, including but not limited to articles of incorporation, bylaws, and agreements between the parent and the subsidiary; and (2) that nothing in these documents in any way limits the capacity of the parent to enter into the Contract or guaranty;
Attachment 3

GUARANTY
(Page 2 of 2)

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

The guarantor agrees that unless otherwise agreed to by the Lottery the guaranty must 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 Agency OR Parent Company

______________________________________
Company Name
ATTACHMENT 4
(Page 1 of 5)

RFP #50029
Asian Consumer Market Advertising Services

OPTIONAL

DISABLED VETERAN BUSINESS ENTERPRISE PARTICIPATION (DVBE)

INCENTIVE
attachment 4

disabled veteran business enterprise participation incentive program

the lottery recognizes disabled veterans for their service by establishing a disabled veteran business enterprise (dvbe) participation program. the program is intended to further veterans’ participation in lottery contracting, promote competition and encourage greater economic opportunity.

the lottery has established participation goals for dvbes, as defined in the california military and veterans code, of at least 3% of overall dollars expended for lottery contracts annually. the lottery determines whether to include dvbe participation requirements in specific solicitations based on the availability of contracting or subcontracting opportunities within the scope of services of the particular contract.

while the lottery has not established a dvbe participation requirement for this solicitation, in order to encourage dvbe participation, the lottery has applied a dvbe incentive as follows:

<table>
<thead>
<tr>
<th>confirmed dvbe participation</th>
<th>dvbe incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% or over</td>
<td>5%</td>
</tr>
<tr>
<td>4% to 4.99%</td>
<td>4%</td>
</tr>
<tr>
<td>3% to 3.99%</td>
<td>3%</td>
</tr>
<tr>
<td>2% to 2.99%</td>
<td>2%</td>
</tr>
<tr>
<td>1% to 1.99%</td>
<td>1%</td>
</tr>
</tbody>
</table>

an agency may achieve participation by qualifying as a dvbe and/or by contracting with dvbe subcontractors. dvbes must perform a commercially useful function, excluding media placement costs, related to the bid specifications as required by military and veterans code section 999 (b)(5)(b). the lottery will determine whether agencies have achieved qualifying levels of participation by comparing each agency’s verified dvbe percentage to the agency’s price sheet.

the incentive is applied in determining the lowest monetary bid or best value by reducing the qualified agency’s price by the amount of the incentive as computed based on the lowest price submitted by a responsive agency. this reduction is applied solely for evaluation purposes. however, where the agency with the lowest monetary bid or best value, prior to application of the incentive, is a california certified small business, only other certified small businesses will be eligible to receive the incentive bonus. if after application of incentives, two or more responsive bids tie for lowest monetary bid or best value, the contract will be awarded to the agency with the highest level of dvbe participation.

a dvbe may also qualify as a small business if it independently meets the small business participation program requirements. (see attachment 5)

for certification purposes, a “disabled veteran” must be a veteran of the u.s. military, naval, or air service, have a service-connected disability of 10% or more, and reside in california.

to be eligible for certification as a disabled veteran business enterprise:
- At least 51% of the business must be owned by one or more disabled veterans;
- Daily business operations must be managed and controlled by one or more disabled veterans; and
- The home office must be located in the United States. (The home office cannot be a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.)

In order to count toward DVBE participation, DVBEs must be certified as such by the Department of General Services at the time the bid is submitted to the Lottery. Agencies must submit with their bids (1) a copy of the DVBE certification for each DVBE and (2) the attached DVBE forms, completed and signed as indicated. Contact the Department of General Services, Office of Small Business and DVBE Services with certification questions, or visit DGS’s Website at www.dgs.ca.gov.

During the term of the Contract, the successful agency must provide annual DVBE reports to the Lottery’s Contract Development Services Section showing DVBE participation at the levels committed to in the bid documents. In addition, the successful agency must provide a final report at the end of the Contract.

Instructions:

Agencies must complete DVBE Attachment 4 “DVBE Subcontracts to be Utilized,” for each DVBE subcontractor to be counted toward DVBE participation and include the form as part of their bids. [Please duplicate this page for additional DVBE businesses.] Any agency that is a certified DVBE and wishes to be counted toward DVBE participation must complete DVBE Attachment 4 “DVBE-Agency” and submit it as part of its bid.

For questions regarding these instructions or attachments, please contact the Lottery’s Small and DVBE Program Specialist at (916) 822-8069.
This form must be completed and signed by the agency and the DVBE subcontractor to be utilized. Please duplicate this page for additional DVBE businesses.

Name of DVBE________________________________ Contact Person________________________________________

DVBE Certification #________________________

DVBE Address____________________________________________________________________________________

City/State/Zip________________________________________ Email________________________________________

Telephone________________________________ Fax________________________________________________________

Goods/Services to be provided________________________________________________________________________

Percentage Participation__________________% (percent of the total contract price to be paid to the DVBE subcontractor for goods and/or services identified above)

By signing below, the agency indicates its intent to utilize the DVBE identified above as a supplier/subcontractor of the goods and/or services indicated, for the dollar amount represented by the percentage set forth above. The agency also certifies that all information contained herein is true and correct. This form must be signed by a person legally authorized to contractually bind the agency.

Agency’s Authorized Signature  ___________________________  Date  ___________________________

Printed Name________________________________  Company Name______________________________

By signing below, the DVBE certifies it has submitted a bid to the above-referenced agency and is ready, willing, and able to provide the goods and/or services identified above. This form must be signed by a person legally authorized to contractually bind the DVBE.

DVBE’s Authorized Signature  ___________________________  Date  ___________________________

Printed Name________________________________  Company Name______________________________

CSL 1175 (R8/2014)
Agency must complete and sign this form if agency is a DVBE and intends to count goods and/or services it provides towards DVBE participation on this contract.

Agency’s Name ________________________________ Contact Person ________________________________

Agency’s DVBE Certification # ____________

Goods/Services to be provided _______________________________________________________________

Percentage Participation ____________ % (percent of the total contract price represented by the goods/services to be provided by the DVBE agency (pass-through goods and/or services do not count))

By signing below, the agency indicates that it will provide the goods and/or services indicated for the dollar amount represented by the percentage set forth above. The agency also certifies that all information contained herein is true and correct. This form must be signed by a person legally authorized to contractually bind the agency.

________________________________                 _____________________________
Agency’s Authorized Signature                      Date

______________________________               _____________________________
Printed Name                                     Company Name

CSL 1175 (R8/14)
ATTACHMENT 5
(Page 1 of 7)

RFP #50029
Asian Consumer Market Advertising Services

OPTIONAL

SMALL AND MICROBUSINESS PARTICIPATION (SMP)

Small Business Preference (SBP)
Non-small Business Preference

SBP Goal 25%
Small Business Preferences/Definition

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

SMP Goal and Preference

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

For bid evaluation purposes, where there is at least one non-small business agency subcontracting at least 25% of its bid amount to one or more small businesses, the Lottery will calculate the preference by computing an amount not to exceed 5% from the lowest, responsible bid of a non-small business agency that is not subcontracting to a small business. The preference amount will be deducted from the bids of the non-small business agency’s subcontracting at least 25% of their bid amounts to small businesses, as referenced above. Agencies that subcontract less than 25% will receive a prorated preference.

For bid evaluation purposes, where there is at least one small business agency, the Lottery will calculate the preference by computing an amount of up to 5% of the lowest, responsible bid of a non-small business agency that is not subcontracting to a small business. The preference amount will not exceed $50,000 and will be deducted from the small business’ bid amount as referenced above.

During the Contract term, the agency’s SMP compliance will be calculated based on the agency’s completed work as verified by an audit of agency’s invoices and agency’s payments to designated subcontractors.

Definition

To be eligible for the SMP Preference as a “small business,” a company must be an independently owned and operated business, not dominant in its field of operation, with its principal place of business located in California and officers domiciled in California, and which together with affiliates is:
Attachment 5

SMALL AND MICROBUSINESS PARTICIPATION (SMP)
(Page 3 of 7)

- A business with 100 or fewer employees and average annual gross receipts of $14,000,000 or less over the previous three years, or

- A manufacturer with 100 or fewer employees A manufacturer is a business that is both:

  1. Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products; and


To be eligible for the SMP Preference as a "microbusiness," a company must be a small business that, together with affiliates, has average annual gross receipts of $3,500,000 or less over the previous three years, or is a manufacturer, as defined above, with 25 or fewer employees.

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

The successful agency's SMP Goal will become part of the Contract resulting from this solicitation with the Lottery. The Lottery will monitor agency’s compliance by requiring annual reports.

Agencies requesting either of the SMP Preferences are required to complete and submit the required forms.

(Revised 07/14)
INSTRUCTIONS/FORMS

All agencies must complete this page and the “Declaration of Compliance for Small Business and Microbusiness Subcontractor Participation” form. Non-small agencies that are subcontracting with small or microbusinesses must also complete the “Small and Microbusiness Subcontractor” form, and agencies that are small businesses or microbusinesses must complete the “Small Business and Microbusiness Program” form. All forms are included in Attachment 5.

General Information

Agency's Name______________________________________________

Contact Person_________________ Telephone_________ Fax_________

Address______________________________________________________

City/State/Zip_________________________________________________

Declaration of Compliance for SMP Participation Form

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

Small Business and Microbusiness Subcontractor Form

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

Small Business and Microbusiness Program Form

Complete and sign this form if your company is a certified small or microbusiness.

(Revised 07/14)
DECLARATION OF COMPLIANCE
FOR SMP PARTICIPATION
(Page 5 of 7)

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

Agency's Name: _____________________________________________________________

Contact Person: ___________________________________ Telephone: ________________

Address: ___________________________________ Fax: _____________________________

City: _____________________________________________________________________ Email ________________________________________________

Declaration

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

_______ Our firm is a small business or microbusiness agency.

_______ Our firm is not a small business or microbusiness, but guarantees that a minimum of ____% of the total cost will be paid to small business and microbusiness subcontractors for work performed under the Contract.

_______ Our firm will not participate in the SMP Participation Program.

Executed on __________________________
Month/Date/Year

In the city of ___________________________ State of ___________________________

Signature ____________________________________________

Authorized Representative

Printed Name __________________________________________

Title _________________________________________________

Telephone ______________________ Fax _________________________

CSL 1178 (R07/14)
Complete and sign this form for all small business and microbusiness subcontractor that you plan to utilize as part of your small business participation goal. Please duplicate this page for additional companies.

Name of Subcontractor: _________________________________________________
Contact Person_________________________________________________________
Address_______________________________________________________________
City/State/Zip__________________________________________________________
Telephone_____________________________Fax_____________________________
Goods/Services to be provided_____________________________________________
_________________________________ _____________________________________
Business Category ___Small ___Micro Percentage of Contract_______________%
Certifying Agency______________________________________________________ Certification #_____________

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

_________________________________________Date
Agency’s Authorized Signature
Printed Name Company Name

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

_________________________________________Date
Subcontractor’s Authorized Signature
Printed Name Company Name

CSL 1177 (R07/14)
## Small Business and Microbusiness Program Form

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<th>Name of Contact Person</th>
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<tr>
<th>Business Category: □ Small □ Microbusiness</th>
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<td>Business Certified with:</td>
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<td>Certification #:</td>
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Check one that applies:

- ____ Services
- ____ Goods
- ____ Information Technology
- ____ Construction

Services/Goods, etc. Provided: ____________________________________________

By signing below, the agency certifies that the company above is a small business or microbusiness, as defined in this attachment.

Signature of Authorized Representative: ____________________________
Date: ____________________________

Title: ____________________________

*CSL 0718 (R 07/14)*
CONFIDENTIAL

CALIFORNIA STATE LOTTERY
SECURITY/LAW ENFORCEMENT DIVISION

MAJOR CONTRACTOR
DISCLOSURE
CONTRACTOR DISCLOSURE

INTRODUCTION

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

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

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

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

INSTRUCTIONS

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

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

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

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

PRIVACY NOTICE

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

This information is being requested in order to examine your qualifications to be a contractor for the California Lottery as required by Government Code Section 8880.38 to ensure compliance with Government Code Section 8880.57.

The Information you provide will only be disclosed to those persons(s) who are authorized by law to have access. Confidentiality will be observed. The information you provide may be disclosed to other government and law enforcement agencies including, but not limited to: The State Controller’s Office, Department of Motor Vehicles (DMV), Department of Justice (DOJ), Federal Bureau of Investigation (FBI), and other federal, state and local law enforcement agencies. You have the right of restricted access to your background investigation records pursuant to Civil Code Sections 1798.38 and 1798.40 of the Information Practices Act and California Penal Code Sections 11080, 11081, 11105, and 11142. For further information on accessing your record, please contact the Lottery’s Public Records Act Coordinator, 600 North 10th Street, Sacramento, CA, 95811.
## Name of Business

### Trade Name/DBA

### Street Address of Business
- **City**: [Blank]
- **State**: [Blank]
- **Zip Code**: [Blank]
- **Telephone**: [Blank]

### Street Address of Business Records
- **City**: [Blank]
- **State**: [Blank]
- **Zip Code**: [Blank]
- **Telephone**: [Blank]

### Type of Business

- **[ ]** Sole Proprietorship
- **[ ]** Corporation (Corp)
- **[ ]** Trust
- **[ ]** Joint Venture
- **[ ]** General Partnership
- **[ ]** Limited Partnership
- **[ ]** Limited Liability Partnership (LLP)
- **[ ]** Limited Liability Company (LLC)
- **[ ]** Other: ____________________________

### Principal Business Activity

### State of Incorporation

### If Business is Formed in a State Other Than California, Has the Business Registered as a Foreign Entity with the California Secretary of State?

- **[ ]** Yes
- **[ ]** No
- If Yes, enter file number here: ____________________________

### Name of Parent Company

### Street Address of Parent Company
- **City**: [Blank]
- **State**: [Blank]
- **Zip Code**: [Blank]
- **Telephone**: [Blank]

### Name(s) and Address(es) of Any Subsidiary of This Business

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### Is Company:

- **[ ]** Closely Held
- **[ ]** Publicly Held

***If Publicly Held, attach most recent report (10K, 10Q)***

### Business Organizational Charts

Attach a diagram depicting direct and indirect business relationships between the business and parent companies. Diagram must identify all companies until ultimate ownership has been identified.

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List all owners-partners-stockholders who hold interest in the business or corporate stock. If a publicly held corporation, list the stockholders known to own 5% or more of the corporate stock. A complete contractor disclosure may be required for each entity that holds a controlling interest in the business. Government Code Section 8880.57(a)(1).

If you need additional space, please make photocopies of this blank page and attach additional pages to the back of this form. Indicate number of duplicated pages: Page _____ of _____

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CSL 0829A (R 05/12/08) (310.1.4)
## LEGAL PROCEEDINGS

Does the business, any owner, officer, director, or stockholder anticipate being a party to a lawsuit? In the event of a publicly held corporation, list only those stockholders known to own 5% or more of the corporate stock.

Government Code Section 8880.57(b)(10)

- [ ] Yes
- [x] No

If yes, provide the information requested below. Provide, on a separate piece of paper, a detailed explanation of the allegations. Include specifics as to the current, known status of the lawsuit.

<table>
<thead>
<tr>
<th>Date</th>
<th>Defendant(s) Name, Position Held in Business</th>
<th>Plaintiff’s Name, Address of Presiding Court</th>
<th>Nature of Proceedings, Provide Docket #/Case/File/Other Identifier</th>
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Has the business or any owner, officer, director or stockholder of the business or, in the event of a publicly held corporation, those stockholders owning 5% or more of the corporate stock, ever been subpoenaed and/or testified before any municipal court, provincial, state, federal, or national court, agency, committee, grand jury or investigatory or regulatory body, other than in response to a traffic summons?

Government Code Section 8880.57(b)(10)

- [ ] Yes
- [ ] No

If yes, provide the information requested below. Provide, on a separate piece of paper, a detailed explanation of the proceedings. Include specifics as to the current, known status of the proceedings.

<table>
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<tr>
<th>Date</th>
<th>Defendant(s) Name, Held in Business (if applicable)</th>
<th>Name, Address of Presiding Court</th>
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HAS THE BUSINESS, ANY OWNER, OFFICER, DIRECTOR OR STOCKHOLDER OF THE BUSINESS, OR, IN THE EVENT OF A PUBLICLY HELD CORPORATION, THOSE STOCKHOLDERS OWNING 5% OR MORE OF THE CORPORATE STOCK, EVER BEEN THE SUBJECT OF AN INVESTIGATION CONDUCTED BY A GOVERNMENTAL INVESTIGATORY AGENCY FOR ANY REASON? GOVERNMENT CODE SECTION 8880.57(b)(10)

| YES | NO |

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

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<th>DATE</th>
<th>DEFENDANT(S) NAME, POSITION HELD IN BUSINESS</th>
<th>NAME, ADDRESS OF GOVERNMENT AGENCY</th>
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HAS THE BUSINESS ENTITY, OR ANY OWNER, OFFICER, DIRECTOR OR STOCKHOLDER OF THE BUSINESS ENTITY, OR, IN THE EVENT OF A PUBLICLY HELD CORPORATION, THOSE STOCKHOLDERS OWNING 5% OR MORE OF THE CORPORATE STOCK, EVER BEEN NAMED AS A DEFENDANT OR CO-CODSPIRATOR IN ANY CRIMINAL PROCEEDING IN THIS STATE OR ANY OTHER JURISDICTION? GOVERNMENT CODE SECTION 8880.57(b)(10)

| YES | NO |

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

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<th>DATE</th>
<th>DEFENDANT(S) NAME, POSITION HELD IN BUSINESS</th>
<th>NAME, ADDRESS OF PRESIDING COURT</th>
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INITIALS: __________
HAS THE BUSINESS, OR ANY OWNER, OFFICER, DIRECTOR OR STOCKHOLDER OF THE BUSINESS, OR, IN THE EVENT OF A PUBLICLY HELD CORPORATION, THOSE STOCKHOLDERS OWNING 5% OR MORE OF THE CORPORATE STOCK OR ANY SUBSIDIARY, EVER BEEN A DEFENDANT OR RESPONDENT IN ANY OF THE FOLLOWING: GOVERNMENT CODE SECTION 8880.57(b)(10)

- [ ] YES
- [ ] NO

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

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

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

- [ ] YES
- [ ] NO

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

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CSL 0829A (R.05/12/08) (310.1.4)
HAS THE BUSINESS EVER ENTERED INTO A JOINT VENTURE OR OTHER CONTRACTUAL ARRANGEMENT TO SUPPLY ANY STATE OR JURISDICTION WITH GAMING GOODS OR SERVICES, INCLUDING, BUT NOT LIMITED TO, LOTTERY GOODS AND SERVICES. GOVERNMENT CODE SECTION 8880.57(b)(8)

- YES
- NO

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

<table>
<thead>
<tr>
<th>DATE</th>
<th>STATE/JURISDICTION</th>
<th>GOODS AND SERVICES PROVIDED</th>
<th>TERM OF CONTRACT</th>
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</thead>
<tbody>
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</table>
## Financial Information

**List all financial institutions with which your business or subsidiaries do business.**

<table>
<thead>
<tr>
<th>Business/Subsidiary Name</th>
<th>Name, Address Financial Institution</th>
<th>Length with Institution</th>
<th>Authorized Signature</th>
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</thead>
<tbody>
<tr>
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</table>

**List all mortgages or other holders of long-term debt that the business or any subsidiary has outstanding.**

<table>
<thead>
<tr>
<th>Business/Subsidiary Name</th>
<th>Name, Address of Holder</th>
<th>Mortgage or Debt</th>
<th>Mortgage/Debt Amount</th>
</tr>
</thead>
<tbody>
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<td>A</td>
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</table>

CSL 0829A (R 05/12/08) (310.1.4)
**DONATIONS**

List all reportable contributions by the business to any local, state or federal political committee in California for the past five years that is reportable under any existing state or federal law. Government Code Section 8880.57(b)(7)

<table>
<thead>
<tr>
<th>Candidate's Name</th>
<th>Candidate's Office/Jurisdiction</th>
<th>Date of Contribution</th>
<th>Amount Contributed</th>
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</thead>
<tbody>
<tr>
<td>A</td>
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</table>

**SUBCONTRACTORS**

List all known subcontractors the business intends to utilize with the California Lottery contract if awarded. List the name(s), address(es), and contact person(s) for each subcontractor. Identify in detail the service each subcontractor is to provide, including the monetary value of the sub-contract. Also provide copies of pertinent agreements made with each subcontractor. Government Code Section 8880.57(a)(7)
<table>
<thead>
<tr>
<th>Document Type</th>
<th>Requirement</th>
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</thead>
<tbody>
<tr>
<td>Initial Formation/Registration Documents</td>
<td>(Articles of Incorp/Org, Certificate of Limited Partnership, LLP Registration, etc…)</td>
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<tr>
<td>All Amendment Documents</td>
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<tr>
<td>Annual Statement of Information</td>
<td>(last change and current, if current reports no change of information) (Corp or LLC Only)</td>
</tr>
<tr>
<td>Corporate Disclosure Statement</td>
<td>(Publicly Traded Corp)</td>
</tr>
<tr>
<td>Partnership Agreement</td>
<td>(Limited and General Partnerships)</td>
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<tr>
<td>Trust Agreement</td>
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<tr>
<td>Joint Venture Agreement</td>
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<tr>
<td>Charter</td>
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<td>By Laws</td>
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<td>Organization Chart</td>
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<td>Annual Reports</td>
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<td>Quarterly Reports</td>
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<td>Interim Reports</td>
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<tr>
<td>Financial Reports (last 3 years)</td>
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<tr>
<td>Bankruptcy Filings, Receivership Proceedings</td>
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STATE OF: _____________________________
COUNTY OF: ___________________________

I, _________________________________, have read the foregoing disclosure documentation and know the contents thereof; that the statements contained herein are true and correct and contain a full and true account of information requested; that this statement is executed with the knowledge that misrepresentation or failure to reveal information requested may be deemed sufficient cause for rejecting the submitted bid. Further, that I am aware that later discovery of an omission or misrepresentation made in the above statements may be grounds for denying or canceling a contract. I also understand that public disclosure of this application is governed by the California Public Records Act and Government Code Section 6250, et seq., which mandates disclosure of this application, upon request, except for information concerning personal worth, personal financial data, criminal history, military discipline, and personal information such as home telephone number, home address, social security number, driver’s license number, etc.

I swear under penalty of perjury and the laws of the State of California that the foregoing is true and correct.

_________________________________  
Signature of Applicant

Subscribed and Sworn to before me this ________________day

Of____________________, 20___________.

______________________________________________________                       (SEAL)
Notary Public
LIST ALL LAWSUITS FOR THE LAST 10 YEARS, INCLUDING CURRENT LAWSUITS, INVOLVING THE BUSINESS, ANY OWNER, OFFICER, DIRECTOR OR STOCKHOLDER OF THE BUSINESS, PARENT COMPANY OR ANY SUBSIDIARY, EXCLUDING ANY FAMILY LAW PROCEEDING. IN THE EVENT OF A PUBLICLY HELD CORPORATION, INCLUDE ONLY THOSE STOCKHOLDERS KNOWN TO OWN 5% OR MORE OF THE CORPORATE STOCK. GOVERNMENT CODE SECTION 8880.57(b)(10)

<table>
<thead>
<tr>
<th>DATE FILED</th>
<th>DOCKET NUMBER</th>
<th>NAME, ADDRESS OF COURT</th>
<th>DEFENDANT</th>
<th>PLAINTIFF(S)</th>
<th>NATURE OF SUIT</th>
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INITIALS: _________

CSL 0829A (R 05/12/08) (310.1.4)