



Request for Proposal

#3247

Graphic Design Services

January 4, 2012

**CALIFORNIA LOTTERY
700 NORTH TENTH STREET
SACRAMENTO, CA 95811-0393**

TABLE OF CONTENTS

I.	GENERAL INFORMATION	Page
A.	Purpose	1
B.	Bidder Qualifications	1
C.	Issuing Office and Vendor-Initiated Contact	1
D.	Projected Timetable	2
E.	Examination of All Requirements	2
F.	Amendments to RFP	2
G.	Intent to Bid.....	3
H.	Written Questions	3
I.	Joint Offer/Joint Contractors.....	3
J.	Proposal Consideration	3
K.	Public Records and Confidential Portions of Bidder's Responses	4
L.	Conditions of Submission.....	4
M.	Rejection of Responses	4
N.	Nonmaterial Deviation.....	5
O.	Contract Execution.....	5
P.	Hiring of Lottery Personnel.....	5
Q.	Governing Law and Regulations	5
R.	Property of the Lottery.....	5
II.	PROPOSAL REQUIREMENTS	
A.	Mandatory Submittal Review and Criteria	6
B.	Small Business Preference	7
C.	Rated Submittals and Evaluation Criteria	9
III.	EVALUATION AND AWARD	
A.	Mandatory Submittal Review.....	12
B.	Rated Submittal Evaluation	12
C.	Price Assessment	12
D.	Best Value Analysis	13
IV.	PROPOSAL PACKAGING AND DELIVERY	14
 <u>EXHIBITS</u>		
Exhibit A - Scope of Services		16
Exhibit B - Contract Terms and Conditions.....		17
Exhibit C - Incompatible Activities and Ethical Conduct Standards		33
Exhibit D - California Lottery Act, Section 8880.57. Disclosures		38
 <u>ATTACHMENTS</u>		
Attachment 1 - Price Sheet		40
Attachment 2 - Certification.....		41
Attachment 3 - Guaranty.....		47
Attachment 4 - Resume Form		49
Attachment 5 - Small Business and Disabled Veteran (DVBE) Business Form.....		50
Attachment 6 - Confidential Contractor Disclosure Form.....		51

I. GENERAL INFORMATION

A. Purpose

The California Lottery (Lottery) is inviting proposals from qualified Bidders to provide graphic design services. The Contract will be for two (2) years with the option to extend up to two (2) additional years under the same terms and conditions, at the same price, and at the sole discretion of the Lottery.

B. Bidder Qualifications

This solicitation is open to all Bidders who, at the time of proposal submission, meet the following minimum requirements:

1. Have a minimum of five (5) years experience performing the services specified in Exhibit A, Scope of Services;
2. Have a minimum of four graphic designers, one of whom is a senior graphic designer to service the account;
3. Have a minimum of five (5) years combination of marketing/sales, communications or corporate experience;
4. Will have an office located in California at the time of contract execution;
5. Satisfy the requirements set forth in Section II, A. Mandatory Submittals Review.

NOTE: If a joint offer is being submitted (two or more independent entities offering jointly in one proposal) at least one of the Bidders must meet the minimum requirements listed above. Years of experience from two or more Bidders forming the joint offer cannot be combined to meet the experience requirement.

C. Issuing Office and Vendor-Initiated Contact

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

California Lottery
Contract and Procurement Services Section
Attention: Tina Miranda
700 North Tenth Street
Sacramento, CA 95811-0393
Email: tmiranda@calottery.com

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

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

D. Projected Timetable

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

<u>Action</u>	<u>Date</u>	<u>Time</u>
RFP Release Date	January 4, 2012	
Written Questions Due	January 11, 2012	3:00 p.m.
Written Intent to Bid Due	January 11, 2012	
Responses to Written Questions	As required	
Proposal Due Date	February 15, 2012	3:00 p.m.
Identification of Apparent Successful Bidder	Feb/Mar 2012	
Proposed Effective Date of Contract	April 1, 2012	

E. Examination of All Requirements

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

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

F. Amendments to the RFP

The Lottery may cancel or amend this RFP. Notice of amendment or cancellation will be sent to firms who submitted an Intent to Bid if the amendment or cancellation occurs prior to proposal submission or to firms who submitted a proposal if the amendment or cancellation occurs after proposal submission.

G Intent to Bid

Interested firms must submit a written Intent to Bid (may be submitted via electronic mail or personally delivered) to the Lottery contact person specified within, and by the date and time specified in the Projected Timetable, in order to receive any further direct communications, including amendments, from the Lottery regarding this solicitation.

A written Intent to Bid must include the name of a contact person and mailing address of the firm submitting the written Intent to Bid, a voice and facsimile telephone number (if available) and electronic mail address (if available) of a contact person representing the firm submitting the written Intent to Bid.

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

H. Written Questions

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

I. Joint Offer/Joint Contractors

A joint offer (which is defined as two or more independent entities offering jointly in one proposal) which results in the award of a contract will be deemed one indivisible contract. Each joint bidder will be jointly and severally liable for the performance of the entire contract. **NOTE: The joint bidders must designate, in writing, one individual having the authority to represent all parties in all matters relating to the contract.**

J. Proposal Consideration

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

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

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

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

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

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

L. Conditions of Submission

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

M. Rejection of Responses

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

N. 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 Bidder from full compliance with the contract's requirements.

O. Contract Execution

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

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

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

P. Hiring of Lottery Personnel

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

Q. Governing Law and Regulations

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

R. Property of the Lottery

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

II. PROPOSAL REQUIREMENTS

All proposals and other requested documents shall be organized in the same order and with the same lettering/numbering format as shown in the following subsections; submitted in a 3-ring binder, on 8 ½ x 11 inch paper, printed on one-side only, using at least 12 point size font, consecutively numbered with sections clearly marked or labeled; and provided on a compact disc (CD) compatible with Microsoft Office 2007 or Acrobat Reader 9.0.

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

A. Mandatory Submittal Review

All responses to the RFP must comply with the requirements of this section. Failure to submit all information listed under Mandatory Submittals may, at the discretion of the Lottery, result in the rejection of the proposal. If all Bidders fail to meet one or more of the mandatory requirements, the Lottery reserves the right to continue evaluating the proposals. Bidders who pass the review of Mandatory Submittals will advance to the evaluation of Rated Submittals.

Bidders must complete and submit the following attachments as detailed below:

1. Attachment 1, Price Sheet
2. Attachment 2, Certification
3. Attachment 3, Guaranty
4. Attachment 4, Resume Form
5. Attachment 5, Small Business and Disabled Veteran Business (DVBE) Form (Optional)
6. Attachment 6, Confidential Contractor Disclosure Forms

1. Price Sheet (Attachment 1)

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

2. Certification (Attachment 2)

Certification, Attachment 2, must be completed by Bidder at the time of bid submission and included in its bid response. **The joint bidders must designate, in writing, one individual having authority to represent all parties in all matters relating to the Contract.**

3. Guaranty (Attachment 3)

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

4. Resume Form (Attachment 4)

Bidder shall complete Attachment 4, Resume Form, for each person to be assigned to the Lottery Account. The Resume Form may be reproduced and shall be in the same format as the attached Resume Form.

5. Small Business & Disabled Veteran Business Enterprise Program (Attachment 5 - Optional)

Small Business & Disabled Veteran Business Enterprise Program Form, Attachment 5, must be completed by the Bidder at the time of proposal submission and included in its proposal response package, if applicable. Bidders must complete and submit the Small Business and Microbusiness Participation forms if they are requesting participation in the program. Proposal packages received without the completed Small and Microbusiness Program Participation forms will not be considered responsive for the five percent small business preference. (reference subsection B. below for definition of Small Business Preference).

6. Confidential Contractor Disclosure Forms (Attachment 6)

Confidential Contractor Disclosure, Attachment 6, must be completed by the firm at the time of proposal submission and included in its proposal package. **Note: The disclosures provided in these forms shall be considered confidential.** As part of the Contractor Disclosures, Bidders may be subject to a Security Background check. (See Exhibit B, Contract Terms and Conditions, item 7.1 Background Investigations and Approval of Staffing.)

B. Small Business Preference

Small Business Preferences/Definition

The Small Business Procurement and Contract Act (Gov. Code Section 14835 et. seq.) requires that a fair share of the State's purchases and contracts for goods, information technology, services and construction be placed with small business or microbusiness. In order to facilitate the participation of these businesses, the Act requires state agencies to: (1) establish small business participation goals, (2) provide a 5% small business preference; and (3) provide a nonsmall business preference of up to a maximum of 5% for bidders utilizing small business or microbusiness as subcontractors. The preference will be no more than \$50,000.

The five percent (5%) preference is used only for computation purposes and will not alter the amounts of the actual cost proposals.

To be eligible for California's Small Business Preference, 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 the officers in the case of a corporation, or owners in all other cases, be domiciled in California, and together with its affiliates is either:

- A service, construction or non-manufacturer with 100 or fewer employees, and average annual gross receipts of fourteen million dollars (\$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:
 - (1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products; and
 - (2) Classified between Codes 2000 to 3999, inclusive, of the Standard Industry Classification (SIC) Manual published by the United State Office of Management and Budget, 1987 edition.

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

Small Business Participation and Small Business or Microbusiness Bidder Preference

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

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

If a proposing Bidder is currently certified as a small or microbusiness by the Department of General Services (DGS), Office of Small Business and DVBE Services, or any city, county, federal, etc. certifying office, only a copy of that certification is required (to be certified small or microbusiness, visit the DGS website at www.pd.dgs.ca.gov/smbus).

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

If you have questions regarding this program, please call the Lottery's Contract and Procurement Services Section at (916) 822-8066.

<i>Evaluation Criteria for Mandatory Submittal Review: Pass/Fail</i>

C. Rated Submittals and Evaluation Criteria

Bidders shall submit the following information which will be evaluated in accordance with the Rating Chart in Section III, Evaluation and Award.

1. Experience and Capabilities

a. List of Accounts

Bidder shall provide a listing of accounts from January 1, 2008 to November 30, 2011. The accounts shall be grouped by approximate project billing size, ranging from \$50,000 to \$200,000, starting with the largest, and must include a description of the type of projects billed and key contact person/telephone number for each account. Bidders must identify sales/marketing, entertainment or lottery accounts and accounts requiring production and procurement of printed material. **More consideration will be given for entertainment, sales/marketing, lottery and/or government accounts.**

Evaluation Criteria for Experience:

- Account billing size
- Type of projects billed
- Account services

b. Capabilities

Bidder shall provide a written narrative (maximum of 2 pages) describing the Bidder's full service capabilities in graphic/creative design services and production of creative materials, including distribution and the ability to meet production timelines in accordance with the Lottery's business needs.

Evaluation Criteria for Capabilities:

- Creative services
- Graphic design capabilities
- Distribution and production timelines
- Turn around time for deliverables

2. Account Personnel

a. Account Personnel Resumes, Current Photoshop/Adobe Samples and Key Personnel

Bidder shall complete Attachment 4, Resume Form, for each person to be assigned to the Lottery Account. The Resume Form may be reproduced and shall be in the same format as the Resume Form at Attachment 4.

Resumes will be evaluated on experience and qualifications, type of account experience including size/complexity of current client base, educational background, and percentage of time assigned to the Lottery account. Staff assigned to the Lottery account must be available to meet at Lottery headquarters with a 24 hours notice given by the Lottery Contract Manager.

In addition to each Resume Form, Bidder's staff who will work on web related projects must provide a minimum of two (2) and no more than three (3) samples of completed work demonstrating proficiency using current Photoshop/Adobe Samples.

The Bidder's personnel assigned to the Lottery Account are considered Key Personnel in accordance with Exhibit B, 3.2 – Key Personnel of this RFP. The Bidder shall designate an Account Manager to be dedicated to all Contractor tasks described in Exhibit A, Scope of Services. The Bidder's Account Manager shall be the primary representative of the Contractor and report directly to the Lottery's Contract Manager.

Following are the preferred minimum staffing levels and qualifications for the Lottery Account Team. Especially relevant is work in marketing/sales, entertainment or lottery-oriented environments.

Account Senior or Principal

- Minimum five (5) years experience managing and directing major creative graphic design projects;
- Experience supervising graphic design personnel; and
- Experience working with corporate communications/government (media, advertising and public relations agencies, etc.).

Account Manager

- Minimum five (5) years of graphic design experience managing graphic design projects; and
- Experience working with corporate communications/government (media, advertising and public relations agencies, etc.).

Senior Graphic Designer

- Minimum five (5) years of senior graphic design experience;
- Creative development and design experience for related accounts; and
- Experience working with corporate communications/government (media, advertising and public relations agencies, etc.).

Graphic Designer

- Minimum three (3) years of designing and developing corporate image communications experience;
- Creative development and design experience for related accounts; and
- Experience working with corporate communications/government (media, advertising and public relations agencies, etc.).

More consideration will be given to proposals which identify a higher number of the Bidder's staff assigned to the Lottery account with prior experience in entertainment, sales/marketing, lottery and/or government accounts.

Evaluation Criteria for Account Personnel:

- Percentage of time assigned to the Lottery's account
- Account experience and qualifications
- Educational background
- Type of account experience including size and complexity of current client base
- Identifies Account Manager dedicated to the Lottery's Account
- Samples of completed work using current Photoshop/Adobe Samples

b. Organizational Chart

Bidders must provide a detailed Organizational Chart of the Bidder's firm. Organizational Charts will be evaluated on the following areas:

Evaluation Criteria for Organizational Chart:

- Reporting relationships
- Location of staff
- Percentage of time dedicated to the Lottery account
- Number of staff assigned to the Lottery account

3. Samples of Work

a. Case Studies

Bidder shall provide two (2) written case studies (maximum of three pages each), describing a project or program that was previously developed and produced by the staff to be assigned to the Lottery Account where a graphic solution was used to address a specific communication challenge or opportunity. Especially relevant is work in marketing/sales, entertainment or lottery-oriented environments. Include any details regarding customization for audiences that may have been required.

Evaluation Criteria for Case Studies:

- Overall and unique capabilities
- Design objectives and strategies
- Distribution and implementation
- Communication effectiveness
- Creativity and design
- Target audience reached, timelines, budget parameter and success measures

b. Samples of Case Studies

Bidders shall submit two (2) samples of materials developed for each project/program identified in 3.a. above. Actual samples or photographs must be no larger than 8"x14". **More consideration will be given to Bidders who submit Case Studies and Samples of Work for clients with similar products as the Lottery and by staff who will be assigned to the Lottery account.**

Evaluation Criteria for Samples for Case Studies:

- Production quality, impact and innovation
- Communications effectiveness
- How well the samples support the Case Study objectives and/or strategies

III. EVALUATION AND AWARD

The Lottery will conduct a fair and impartial evaluation of proposal responses received in response to this RFP. The complete evaluation process comprises five steps: Mandatory Submittal Review (Pass/Fail), Rated Submittal Evaluation, Small and Microbusiness Participation (optional), Price Assessment and Best Value Analysis.

A. Mandatory Submittal Review (Pass/Fail)

All documents required in section II. A. Mandatory Submittals/Criteria must be submitted for further consideration. Proposals meeting the mandatory submittal requirements will be evaluated in accordance with section B. below:

1. Attachment 1, Price Sheet
2. Attachment 2, Certification
3. Attachment 3, Guaranty
4. Attachment 4, Resume Form
5. Attachment 5, Small Business and Disabled Veteran (DVBE) Business Form
6. Attachment 6, Confidential Contractor Disclosure Forms

B. Rated Submittal Evaluation (Listed in order of importance)

Proposals shall be rated in accordance with the Rating Scale shown below. Bidders that receive a minimum overall rating of "Meets" during the Rated Submittal Evaluation will advance to the Price Assessment and Best Value Analysis.

1. Experience and Capabilities
2. Account Personnel
3. Samples of Work

Bidder's experience and capabilities are significantly more important than Account Personnel and Samples of Work and will be rated accordingly during the rated submittal evaluation.

Rating Scale:

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

C. Price Assessment

1. Price Sheet

Prices for graphic design service quoted on the Price Sheet, Attachment 1, shall include all items outlined in Exhibit A, Scope of Services including travel, per diem, expenses and any applicable taxes. Prices quoted shall be fixed for the duration of the contract plus any extension(s) thereto. The Lottery shall assess each Bidder's price sheet for its responsiveness to the requirements of this RFP. The projected number of hours shown on the Price Sheet is for calculation purposes only and shall be used to arrive at the Total Yearly Cost. The Lottery does not guarantee any specific number of hours and may adjust the projected number of hours to best meet the needs of the Lottery.

More consideration will be given to Bidders who propose a lower cost for the "Total Yearly Cost" for each of the Sample categories identified on the Price Sheet.

2. Small Business and Microbusiness Participation (Optional)

For Price Assessment purposes, where there is at least one small business Bidder, the Lottery will calculate the preference by computing an amount not to exceed 5% from the lowest, responsible bid of a non-small business Bidder that is not a small business. The preference amount will be deducted from the small business' bid amount. Once the Small Business Contracting Preference has been calculated and a condition exists where a small business and non-small business have proposed equal rates, the small business will be chosen.

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

D. 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 will most likely result in a contract that fulfills the Lottery's mandate to: 1.) award contracts to the responsible supplier submitting the best value proposal that maximizes the benefits to the state in relation to the areas of security, competence, experience, and timely performance; 2.) take into account the particularly sensitive nature of the California Lottery; and 3.) act to promote and ensure integrity, security, honesty, and fairness in the operation and administration of the lottery and the objective of net revenues for the benefit of the public purpose described in this chapter." (Government Code Section 8880.56). A proposal meeting the requirements of the RFP with the lowest price may not be selected if award to a higher priced proposal, in the judgment of the Lottery, maximizes greater overall benefits to the Lottery. The Lottery may elect to pay a higher price to select a proposal that overall is exceptional and reasonably priced.

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 Bidder in the competitive range. The competitive range shall be comprised 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 Bidder the opportunity to revise its proposal only in those specific areas identified by the Lottery during discussions. The discussions may include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, give-and-take, and may apply to price, technical requirements, type of contract, or other terms of a proposed contract.

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

IV. Proposal Packaging and Delivery

All proposals must be received by **Wednesday, February 15, 2012**, no later than **3:00 p.m.** **Fax or electronic transmissions will not be accepted.** Mail or deliver all proposals to:

Contract Services Section
California Lottery
700 North Tenth Street
Sacramento, CA 95811-0393
Attention: Tina Miranda
Response to RFP #3247, Graphic Design Services
DO NOT OPEN IN MAILROOM

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

The original proposal shall 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 identified as authorized to bind the proposing Bidder in Attachment 2, Certification Form.

Proposals shall be submitted in a sealed package(s) addressed as above and clearly identifying the Bidder making the submission. Within the sealed package(s), the Bidder shall include **three (3) separately sealed** packages clearly identifying the contents and company name and address:

- **Package 1** shall contain one (1) original and two (2) copies of completed Attachment 1, Price Sheet and one (1) copy of the Bidder's proposal response on compact disc (CD).
NOTE: Do not include price sheet or price information anywhere else in proposal.
- **Package 2** shall contain one (1) original and two (2) copies of Attachment 2, Certification, Attachment 3, Guaranty, Attachment 5, Small Business & Disabled Veteran Business Enterprise Program Form, Attachment 6, Confidential Contractor Disclosure Forms and one (1) original and five (5) copies of each Attachment 4, Resume Form.
- **Package 3** shall contain one (1) original and five (5) copies, **in hard cover loose leaf binders**, of the Bidder's rated submittals indexed, lettered and numbered as stated in Section II, Proposal Requirements, sub-section C, 1-3.

Exhibit A

SCOPE OF SERVICES

The Contractor is responsible for a range of original graphic design layout and creative design services, which will include the projects listed below. The Contractor is required to comply with the contract manager on production schedules for the development, design, printing specifications of publications, and all projects as required within this scope. All projects are subject to final approval of the Contract Manager. The contractor is required to attend meetings at Lottery headquarters or other locations with 24 hour notice by the Contract Manager.

Contractor will be required to present ideas and mock-ups to the Contract Manager for approval before work is started. All publications must have original designs produced by the contractor and be unique to the California Lottery. The Lottery's registered logos/trademarks will be used in all booklets and publications in accordance with Lottery guidelines including the use of Photoshop/Adobe colors. The Contractor will provide the contract manager with PDF files of each project upon completion.

The Contractor shall designate an Account Manager to be dedicated to all projects performed under this contract. The Contractor's Account Manager shall be the primary representative of the Contractor and report directly to the Lottery's Contract Manager.

The Contractor shall perform the following tasks under the direction of the Lottery Contract Manager.

1. **Annual Report** – Create, develop and design graphic elements for publication of annual reports, strategic plans and financial reports as required.
2. **Newsletters/Corporate Brochures** – Design and produce newsletters and corporate brochures for the California Lottery including graphics, image placement and layouts for publication.
3. **Information Booklets** – Create, design and produce booklets according to the California Lottery's individual communication objectives.
4. **Website Design** – Develop graphics and animation for incorporation into ongoing website production.
5. **Advertisements for the Lottery's Outreach Office** – Design and produce corporate advertisements for publications including those publications focused on education, local government and law enforcement.
6. **Media Relations Folder** – Provide mock-ups of different media folders.

EXHIBIT B

CONTRACT TERMS AND CONDITIONS

1. GENERAL PROVISIONS

1.1 Signature Authorization

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

1.2 Initial Term of Contract

The initial term of the Contract is two years.

1.3 Option to Extend

The Lottery may unilaterally extend the term of this Contract under the same terms and conditions, for full services in accordance with Exhibit A, Scope of Services, for up to two years from the Contract's expiration date pursuant to any limitations in the Contract, including without limitation, Attachment 1, Price Sheet.

1.4 Emergency Extended Service

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

1.5 Extended Service for Contractor Change

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

1.6 Full Force and Effect

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

1.7 Amendment

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

1.8 Contractor Consideration

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

2. RELATIONSHIP AND AUTHORITY

2.1 Contractual Relationship

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

2.2 Authority

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

2.3 Jurisdiction and Venue

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

3. OBLIGATIONS OF THE PARTIES

3.1 Contract Managers

The Lottery and the Contractor's Contract Manager are responsible for ensuring compliance with the terms and conditions of the Contract and, unless otherwise specified in the Contract, shall have the authority to act for and bind the respective party in connection with the implementation of all aspects of the Contract. Whenever the Contract requires any action to be taken by the Lottery, such action shall be the sole responsibility of the Lottery's Contract Manager unless otherwise specified. Any action taken by any other employee of the Lottery in connection with the implementation of all aspects of this Contract without the specific written approval of the Lottery's Contract Manager shall be of no legal effect. The parties shall notify each other in writing within five (5) State working days of a proposed change in a Contract Manager. Any change in Contractor's Contract Manager shall be subject to Lottery approval.

3.2 Key Personnel

- A. The personnel specifically identified in the Contractor's proposal as "Key Personnel" are considered essential to the work being performed under the Contract. Before removing, replacing, or diverting any of the listed or specified personnel, Contractor must (1) notify the Lottery's Contract Manager in writing, 30 days in advance and (2) submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the Contract.
- B. Contractor may not remove, replace or divert personnel listed in Contractor's proposal as "Key Personnel", without the Lottery Contract Manager's written consent.

3.3 Licenses and Permits

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

3.4 Ethical Conduct Guidelines

The Lottery has in effect Incompatible Activities and Ethical Conduct Standards which restrict and in some instances prohibit transactions between Lottery Contractors and Lottery employees. In some circumstances family or social relationships between Contractor or subcontractor personnel and Lottery employees must be disclosed. A copy of the current Incompatible Activities and Ethical Conduct Standards is attached as Exhibit C. All Lottery Contractors and their agents and employees are expected to read Exhibit C and cooperate with its requirements. Contractor and subcontractor personnel may also be asked to disclose information relevant to the Incompatible Activities and Ethical Conduct Standards (from time to time throughout the Contract term), in keeping with the Lottery's mandate to conduct the Lottery with integrity, honesty, and security. The Incompatible Activities and Ethical Conduct

Standards may be amended from time to time, and Contractor agrees to ensure continuing compliance by its employees with those standards in all dealings with Lottery employees.

3.5 Confidentiality of Parties

Contractor must keep confidential all information and materials related to the Contract and must not disclose any such information or materials to third parties unless such disclosure is approved in writing by the Lottery's Contract Manager, specifically required by court subpoena or order, or otherwise specifically permitted by the Contract. Under no circumstance will the Lottery be liable to the Contractor or to any other person or entity for disclosing the material Contractor has designated as trade secret or confidential information.

3.6 News Releases

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

4. GENERAL WARRANTIES AND REPRESENTATIONS

Contractor warrants and represents that:

- A. Contractor is fully authorized and prepared to enter into and fully perform the terms and conditions of the Contract;
- B. Contractor has secured or will have secured at its expense, all necessary rights, clearances, permits, governmental approvals and/or licenses with respect to all material and elements embodied in or used in connection with the performance of the Contract for the benefit of the Lottery, and will maintain such rights throughout the Contract term;
- C. Contractor will comply with all federal, state, and local laws, ordinances, rules, and regulations applicable to its activities and obligations under the Contract;
- D. The goods and services provided do not and will not, to the best of Contractor's knowledge, infringe any copyright, trademark, or other third-party owned intellectual property; and
- E. All services provided by Contractor pursuant to the Contract will be performed in a prompt, competent manner by properly trained individuals in accordance with the highest standards of Contractor's industry.

5. FISCAL PROVISIONS

5.1 Reduction of Funds

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

5.2 Frequency of Payment

Contractor will be paid upon submission of an invoice, monthly in arrears, and approved by the Lottery Contract Manager.

5.3 Payment

Contractor shall be paid in accordance with Attachment 1, Price Sheet. Payments will be made within forty-five (45) calendar days after the postmark date of the invoice unless an invoice is disputed. Interest will accrue and be charged on payments which are overdue within the meaning of Government Code section 927.6 at a rate of 1% above the rate accrued on June 30th of the prior year of the Pooled Money Investment Fund, but not to exceed 15%. Penalties of \$75.00 or less are waived per section 927.6.

If the Contractor is certified with the Department of General Services or with the State Lottery as a small business, payment will be in accordance with Government Code section 927.6. Payments will be made within forty-five (45) calendar days after the postmark date of the invoice unless specified otherwise within the Contract or unless an invoice is disputed. Interest will accrue and be charged on payments that are overdue within the meaning of section 927.6 at a rate of 1/4% (.0025) per calendar day starting on the 31st day. There is no minimum for penalties.

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 the Contractor of a disputed invoice within fifteen (15) calendar days from receipt of the invoice. Once the invoice is corrected, payments will be made within forty-five (45) days from receipt of the corrected invoice. If Contractor qualifies as a small business as discussed above, then payment will be made within thirty (30) days from receipt of the corrected invoice.

5.4 Notice of Monies Due

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

5.5 Tax Reporting

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

5.6 Withholds

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

- B. For the last month of the Contract term, the Lottery may withhold up to five percent of its payments to Contractor, which will be released in the Lottery's discretion upon completion of satisfactory transfer to a new contractor.
- C. Should Contractor cure the performance failure giving rise to the withheld or delayed payment, the Lottery will review the matter with Contractor and determine, within its discretion, whether the Lottery will continue to withhold payment or otherwise offset money due Contractor.

5.7 Full Compensation

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

5.8 Invoicing

Contractor must submit invoices in triplicate on a monthly basis noting the Contract number and listing the services rendered, goods provided and reimbursement claimed. The Lottery Contract Manager will review each invoice for completeness and accuracy and either approve or dispute it. Disputed invoices shall be returned to the Contractor with an explanation. Unless disputed, payment will be made after goods and services are received. Invoices must be submitted to:

**California Lottery
Accounting Operations and Prize Payments
P.O. Box 778
Sacramento, CA 95812-0778**

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

6. LOSS PREVENTION

- A. The Contractor must acquire and maintain insurance coverage as set forth in this Section 6 and following subsections, and shall defend, indemnify and hold the Lottery harmless pursuant to subsection titled Indemnification. The required policies must remain in force throughout the term of the Contract and any extensions, and copies of the policies must be provided to the Lottery upon request. Certificates of insurance for each required policy must be provided to the Lottery within ten (10) calendar days of execution of the contract. In addition, all certificates of insurance for renewals must be forwarded to the Lottery within ten (10) calendar days of the policy expiration. For subsections 6.2 through 6.6, the insurance must be issued by companies rated A-minus or better by the AM Best Company, or meet the approval of the Lottery. Each policy must contain a provision whereby it cannot be canceled except by giving thirty (30) days written notice to insured and certificate holders. If Contractor's carrier cancels any policy, the Contractor must immediately obtain a replacement policy prior to expiration of the thirty (30) day notice period. Failure to

provide and maintain any insurance or security may result in the termination of the Contract.

- B. The Contractor will not perform services or incur expenses until certificates of insurance for the required policies are received by the Lottery.
- C. The Contractor may request and receive authorization to adjust insurance liability limits. The Contractor must submit requests to adjust insurance liability limits in writing, to the Lottery Contract Manager. The Contractor shall not adjust insurance liability limits without prior written approval of the Lottery Contract Manager.

6.1 Workers' Compensation

Contractor must maintain Workers' Compensation insurance for all of its employees who will be engaged in the performance of the Contract pursuant to the requirements of California Labor Code section 3700.

6.2 Commercial General Liability or Public Liability Insurance

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

6.3 Indemnification

- A. Contractor must defend, indemnify, and hold harmless, at Contractor's expense, the State of California, the Lottery, Lottery Commission, Lottery Commission members, Lottery officers, employees and agents, and their respective successors, heirs, representatives, administrators and assigns, from all responsibilities, suits, judgment, awards, costs, damages, claims, demands, actions, causes of action, expenses or liabilities of every nature threatened or brought against, sustained or incurred by any of them, whether joint, several, or individual (hereafter referred to as "claims") resulting or arising from or in any way connected with or based on the negligent, unauthorized or intentional activities of Contractor or its officers, employees, subcontractors, or agents in connection with the Contract. Contractor's obligations hereunder include any losses, damages, liabilities, settlements, judgments, fines, costs, fees, and expenses of any nature whatsoever, including but not limited to fees of attorneys and other professionals at trial and on appeal.
- B. Neither Contractor nor any attorney engaged by Contractor may defend against such claims in the name of the Lottery, nor purport to act as a legal representative of the Lottery, without the prior written consent of the Director of the Lottery or his/her designee.
- C. The Lottery may, at its election and at the Contractor's expense, assume its own defense and settlement in the event that the Lottery determines that: (i) Contractor is prohibited from defending the Lottery; (ii) Contractor is not adequately defending the Lottery's interests; or

(iii) an important governmental principle is at issue and the Lottery desires to assume its own defense.

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

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

7. CONTRACT OVERSIGHT

7.1 Background Investigations and Approval of Contractor Staffing

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

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

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

The Bidder and/or subcontractor personnel shall not be assigned to the Lottery Contract if they have ever been convicted of a felony, gambling-related offense, or a crime involving dishonesty. This Contract may be subject to termination if the Contractor knowingly assigns to or fails to remove from the Lottery Contract, personnel with criminal convictions as described above.

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

7.2 Contractor Evaluation

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

7.3 Small Business Participation Monitoring

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

7.4 Access to Financial and Accounting Records

The Contractor and its subcontractors for this Contract are required to maintain financial and accounting records and other documents and evidence, including but not limited to electronic versions, hereinafter "documents", pertaining to the fulfillment of the Contract obligations in accordance with generally accepted accounting principles and other procedures that may be specified by the Lottery. Contractor must make these documents available to the Lottery upon request during the Contract term and any extensions. Gov. Code sec 8880.67. Contractor must retain these documents for four (4) years from the date of final payment of the Contract.

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

- A. The Contractor will make available to the Lottery upon request authenticated requisitions for payment (including invoices from suppliers, etc.) and proof of payment to third parties for all work and services on behalf of the Lottery's accounts. Contractor will make these items available to the Lottery upon request.
- B. The Contractor shall make available to the Lottery all documents relating to the Contract as well as expenses incurred by the Contractor on the Lottery's behalf for which Contractor claims reimbursement. Contractor will make all documents open to examination and inspection by an authorized representative of the Lottery at all reasonable times.

7.5 Audit Provisions - Records Audit

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

7.6 Dispute Resolution

If a dispute arises out of this Contract that remains unresolved after good faith negotiations between Lottery and Contractor, the parties will submit the dispute to binding arbitration. Arbitration will be conducted under the Commercial Arbitration Rules of the American Arbitration Association. The arbitration will be final and binding, and must be held in Sacramento County before an arbitrator who is acceptable to both parties. In the event that the parties cannot agree on an arbitrator, one will be appointed after either party petitions the court pursuant to California Code of Civil Procedure section 1281.6. The arbitrator's decision must be in the proper form to be entered as a judgment in a court of competent jurisdiction in Sacramento County. The parties to the arbitration will share equally in the costs of arbitration.

Each party will be responsible for its own attorney's fees and costs. Notwithstanding any dispute, the Contractor must proceed diligently with performance of this Contract.

In the event the parties agree on another form of Alternative Dispute Resolution to address a particular dispute, this section shall not be construed to limit the parties' ability to utilize such a process. However, in any case, the Alternative Dispute Resolution process shall be considered final and binding on both parties, and no further process shall be permitted.

7.7 Notice of Delay

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

8. EXPIRATION OR TERMINATION OF CONTRACT

8.1 Expiration of the Contract

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

8.2 Termination for Default

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

1. Contractor fails to deliver material products within the time specified in the Contract or any extension; or
2. Contractor fails to perform to an extent that endangers performance of the Contract; or
3. Contractor fails to perform any material provision of this Contract; or
4. Contractor fails to sustain a level of economic viability in its overall operations such that the Lottery can not reasonably be assured of its ability to continue to comply with all operational requirements of this Contract including those provisions relating to loss prevention; or
5. A court of competent jurisdiction finds that Contractor or any of its principles or assigned personnel has failed to adhere to any law, ordinance, rule, regulation or order that may reasonably impugn Contractor's business in such a way as to call into question the security, integrity or competence of Contractor to serve as a Lottery Contractor; or
6. Contractor fails to communicate on material matters with the Lottery as required by the Contract; or
7. Contractor breaches the Contract's standard of confidentiality; or

8. Contractor engages in conduct that results in a material negative public impression or creates the appearance of impropriety with respect to the Lottery, the Contractor, or the State of California; or
 9. Contractor has knowingly, or acting with a reckless disregard of the truth, furnished any material statement, representation, warranty or certification to the Lottery which is false, deceptive, or incomplete.
- B. The Lottery may exercise its right to terminate the Contract under this subsection if the Lottery's Contract Manager notifies Contractor of the breach and Contractor does not cure it within the Lottery's established timeline.

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

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

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

- D. The rights and remedies of the Lottery in this subsection are in addition to any other rights and remedies provided by law or under the Contract.

8.3 Termination Based on Determination of Illegality

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

operation terminated minus reasonable costs associated with the termination. Contractor must submit, within 90 calendar days of the receipt of a notice of termination or reduction pursuant to this subsection, a compensation reduction proposal. If Contractor and the Lottery fail to agree on the amount of compensation reduction, the Lottery will reduce the compensation as determined by its calculations.

8.4 Termination for Convenience

The Lottery retains the option to immediately terminate the contract for the Lottery's convenience upon advance written notice to the Contractor of no less than 30 days, which notice shall include the effective date of the termination which may be 30 days or more away. Upon the termination date established in the Notice of Termination, the Contractor must cease performance and mitigate damages. Contractor will be entitled to compensation upon submission of invoices and proper proof of claim for that portion of the contract that was satisfactorily rendered or provided before the effective date of termination. The Lottery may also compensate the Contractor for expenses incurred as a result of binding commitments made in connection with the Contractor's performance of the contract. Compensation for such expenses lies within the sole discretion of the Lottery. Contractor must submit proof of such expenses incurred to the Lottery's satisfaction. In the event of termination for convenience, the Contractor must furnish copies of all materials related to performance hereunder at the time of termination.

8.5 Parties' Responsibilities Upon Termination and Transfer to New Contractor

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

9. MISCELLANEOUS PROVISIONS

9.1 Force Majeure

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

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

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

- A. Terms of this Contract.
- B. Lottery's Request for Proposal (RFP) #3247 dated January 4, 2012, and any addenda thereto.
- C. Contractor's response to RFP #3247 and any clarifications/amendments submitted in response to requests by the Lottery.

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

9.4 Notices in General

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

LOTTERY

CONTRACTOR

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

9.5 Invalidity in Whole or in Part/Severability

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

9.6 Execution of Counterparts

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

9.7 Sections and Subsection Headings

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

9.8 Assignment

- A. The Contractor may not assign any performance of or payment for the Contract or any portion of the Contract without the prior written consent of the Lottery. Any attempt by Contractor to make such assignment without the prior written consent of the Lottery will be void and will constitute a material breach of the Contract.
- B. The Contractor must submit requests to assign the contract in writing, to the Lottery Contract Manager. The Contractor shall not take any action to complete assignment of the contract without prior written approval from the Lottery.

9.9 Subcontracting

Upon written approval from the Lottery Contract Manager, the Contractor may enter into subcontracts. The Contractor must submit a written request to the Lottery's Contract Manager of its intent to enter into each subcontract. The Contractor's written request must be received by the Lottery Contract Manager at least fifteen (15) calendar days prior to executing each subcontract. The request must: 1) provide verification that each subcontractor agrees to be bound to Contractor in the same manner as Contractor is bound to the Lottery, 2) include a detailed description of the work to be subcontracted and, 3) a copy of each proposed, written subcontract. The Lottery Contract Manager may approve or disapprove a subcontractor at any time.

The Contractor must follow the Lottery's Competitive Bidding procedures if the estimated subcontracted amount is over \$100,000 or \$100,000 per project if the Contractor is paid per successful completion of a project in accordance with the Price Sheet. The Lottery Competitive Bidding Procedures may be found on the Lottery's web site at www.calottery.com/Media/Publications/LotteryRegulations.

Nothing contained in the Contract will create any Contractual relation, whether third party or otherwise, between the Lottery and any subcontractors. Contractor 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 any of them as it is for the acts and omissions of persons directly employed by Contractor.

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

9.10 Independent Contractor

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

9.11 Joint Ventures and Partnership

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

9.12 Travel and Expenses

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

9.13 Standards of Conduct

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

9.14 Nonexclusive Rights

Contractor understands and agrees that the Lottery does not grant the Contractor exclusive rights to provide all those services listed in Exhibit A, Scope of Services during the period covered by this Contract or any extension thereto. The Lottery reserves the right, during the Contract term, to acquire these services through another vendor. In exercising this right the Lottery shall determine, in the best interests of the Lottery and in furtherance of its purpose to maximize supplementary funds to public education, whether to obtain these services through Contractor or through another vendor. The Lottery's good faith exercise of this right shall not constitute a breach of the Contract.

9.15 Reimbursement in the Event of Non-performance

In the event Contractor fails to perform its obligations under the Contract, the Lottery has the right to obtain replacement services and/or goods on an emergency or interim basis and to collect from the Contractor an amount equal to the actual cost to the Lottery of obtaining and utilizing replacement services and/or goods. The Lottery will also be entitled to collect actual costs, including administrative expenses, third party publishers' expenses and re-procurement costs incurred in processing and procuring replacement services and/or goods. All costs

incurred by Contractor pursuant to this section are subject to offset against any payment due Contractor by the Lottery.

9.16 Covenant Against Contingent Fees

Contractor warrants that no person or selling vendor has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established commercial or selling vendors maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the Lottery shall have the right to terminate this Contract in accordance with the termination clause, and at its sole discretion, to deduct from this Contract any price or consideration or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

9.17 Advertising and Media Relations

The Lottery shall retain the sole and complete authority to advertise, provide press releases, and contact the media. Contractor shall not in any way contact the media or advertise in connection with this Contract without prior written approval of the Lottery's Contract Manager.

9.18 Commissioned Work

All rights, title, and interests constituting copyrights, trademarks, or any other proprietary rights arising out of or embodied in the materials produced pursuant to this Contract, including but not limited to all ideas, concepts, designs, creative works and original works of authorship, compositions of matter, drawings, notes, documents, and information (all of the foregoing hereafter collectively referred to as Intellectual Property [I.P.] Rights), will be owned by the Lottery. Without limiting the generality of the foregoing, and subject only to the limitations above, Contractor agrees that all Lottery Materials are a "work made for hire" under United States copyright law, with all copyrights therein owned by the Lottery. Immediately upon the request of the Lottery, Contractor will deliver to the Lottery or destroy, or both, at the Lottery's option, all copies of any Lottery materials in the possession of Contractor.

Exhibit C

INCOMPATIBLE ACTIVITIES AND ETHICAL CONDUCT STANDARDS

GENERAL DISCUSSION

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

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

DEFINITIONS

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

POLICY GUIDELINES

1. It is the policy of the Lottery to inform its employees of activities, which are incompatible with their employment and standards for their ethical conduct as Lottery employees.
2. Managers and supervisors are responsible for assuring that their subordinates are informed of these policies and standards. New employees are to be made aware that in accepting employment they consent to these policies and standards.
3. Employee questions concerning whether a contemplated activity is prohibited or in compliance with this statement should be directed on a confidential basis to employee's immediate supervisor or the Personnel Officer.

4. It is the policy of the Lottery that individuals convicted of any felony, any gambling-related offense (felony or misdemeanor), or any misdemeanor involving moral turpitude, dishonesty or integrity shall not be employed, appointed, or retained by the Lottery. Exceptions to this policy pertaining to misdemeanor convictions (not related to gambling offenses) may be granted by the Lottery Director or Chief Deputy Director based on the circumstances, on a case by case basis.
5. Employees may be subject to disciplinary action for violations of the policies and standards contained in the Incompatible Activities Policy Statement (Government Code Sections 19570-19588). An employee may appeal a determination of incompatibility through the third level of review, pursuant to the employee grievance procedure.
6. Employees may request exceptions to the Incompatible Activities Policy Statement where Memorandum of Understanding provisions apply. A request for exception should be submitted, in writing, to the employee's immediate supervisor.
7. This statement and subsequent revisions will be implemented by notifying employees of the proposed statement and subsequent changes, in writing, for a period of at least 30 days prior to implementation.

STANDARDS OF CONDUCT

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

1. No employee shall use the prestige or influence of the State or the Lottery for the employee's private gain or advantage, or the private gain or advantage of another.
2. No employee shall use State time, facilities, equipment or supplies for private gain or advantage.
3. No employee shall use confidential information available by virtue of State employment for private gain or advantage or provide confidential information to persons to whom issuance of such information has not been authorized.
4. No employee shall receive or accept money or any other consideration from anyone other than the State for the performance of his/her duties as a Lottery employee or Contract employee. This provision does not preclude accepting a meal in return for representing the Lottery at a conference, event, or sponsorship, or as a guest speaker.
5. No employee shall participate in any outside activity knowing that the activity may later be subject, directly or indirectly, to the control, inspection, review, audit or enforcement by the employee in the course of his/her duties at the Lottery.

6. Except as provided below, no employee shall directly or indirectly solicit, receive or pass on to other persons any gift, money, service, gratuity, favor, meal, entertainment, loan or any other thing of value with a fair market value of \$25 or more, regardless of whether the employee reciprocates with a like gift, from anyone who is doing or seeking to do business of any kind with the Lottery, or whose activities are regulated or controlled by the Lottery if the gift, money, service, gratuity, favor, meal, entertainment, loan or any other thing of value may appear to be solicited, received or passed on to another wholly or partially because of the employee's employment with the Lottery.

Exceptions to Item 6:

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

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

3. No employee or Contract employee shall engage in outside employment as defined below without advising his/her manager/supervisor of such employment before starting outside employment. General prohibitions on outside employment to be enforced by the supervisor include:
 - a. Engaging in any employment outside State service, or outside the scope of the Contract with the Lottery, compensated or not, which causes either physical or mental fatigue that results in less efficient performance of the employee's or Contract employee's State or Contract duties.
 - b. Accepting money, gifts, compensation or consideration in any form for service as an official or in any policy-making capacity in a nonprofit or volunteer organization which is involved in any way with Lottery operations within the employee's or Contract employee's jurisdiction.

- c. Accepting money, gifts, compensation or consideration in any form from a person other than the State for performing a duty which the employee, Contract employee, or the Lottery would be expected to perform in the course of State or Contract business.
 - d. Performing an act in other than the capacity as a State employee or Contract employee knowing that such act may later be subject, directly or indirectly, to the employee's or Contract employee's control, inspection, review, audit or enforcement.
 - e. Engaging in any non-State business which is otherwise clearly inconsistent, incompatible, in conflict with or inimical to his or her duties as a State employee or a Contract employee.
4. Each employee who is in a position to influence Lottery decisions about a supplier of goods or services to the Lottery and who has a personal relationship with the supplier, shall immediately notify his/her supervisor of the name of the supplier and the relationship. "Personal relationship" means spouse, child, parent, sibling, household member, "significant other", business associate or personal friend. A "personal friend" is defined as any person with whom the employee is acquainted who can influence the employee to the extent of creating a conflict-of-interest situation or giving the appearance that a conflict-of-interest situation exists.
 5. Subject to any other laws, rules, or regulations as pertain hereto, an employee shall devote his/her full time, attention, and efforts to his/her Lottery employment during his/her hours of duty as a Lottery employee.

POLITICAL ACTIVITIES

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

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

OTHER CONSIDERATIONS

1. The Lottery Act requires that the Director shall act, in all decisions, to promote and ensure integrity, security, honesty and fairness of the operation and administration of the Lottery. Under this authority, the Lottery Director, or designee, may evaluate the information on outside employment or current or prior relationships to determine whether there is or may be a conflict with official duties and the steps that are required to eliminate the conflict.
2. Employees are advised that the Lottery Act provides that: "A ticket or share shall not be purchased by and a prize shall not be paid to a member of the commission, any officer or employee of the commission, any officer or employee of the Controller who is designated in writing by the Controller as having possible access to confidential lottery information, programs, or systems, or any spouse, child, brother, sister, or parent of that person who resides within the same household of the person." This provision of the Act does not apply to "in-law" or "step" relationships (e.g., stepparent, stepchild, mother-in-law, etc.). It does apply to legal adoptive relationships.
3. This statement and the specific activities set forth herein shall not be construed as the sole provisions of law or administrative rules that must be observed by the employees of the Lottery. The Lottery Director or the Commission may specify additional prohibited activities generally or for designated individuals by an order directed to the individual or persons to whom it applies.

EXCEPTIONS TO POLICY

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

APPEAL PROCESS

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

QUESTIONS/MAINTENANCE

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

REFERENCE

Government Code, Section 19990
Government Code, Sections 3201-3209
Incompatible Activities Policy Statement (Government Codes 19570-19588)
Lottery Act

Exhibit D

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

Section 8880.57. Disclosures

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

- (a) Bidders, as required by the Lottery, shall disclose the Bidder's name and address and, as applicable, the name and address of the following:
 - (1) If the Bidder is a corporation, the officers, directors, and each owner, directly or indirectly, of any equity security or other ownership interest in the corporation. However, in the case of owners of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to beneficially own 5 percent or more of the publicly held securities need be disclosed.
 - (2) If the Bidder is a trust, the trustee and all persons entitled to receive income or benefit from the trust.
 - (3) If the Bidder is an association, the members, officers, and directors.
 - (4) If the Bidder is a subsidiary, the officers, directors, and stockholders of the parent company thereof. However, in the case of owners of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to beneficially own 5 percent or more of the publicly held securities need be disclosed.
 - (5) If the Bidder is a partnership or joint venture, all of the general partners, limited partners, or joint venturers.
 - (6) If the parent company, general partner, limited partner, or joint venturer of any Bidder is itself a corporation, trust, association, subsidiary, partnership, or joint venture, then the disclosure of information needed to determine ultimate ownership. However, in the case of owners of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to beneficially own 5 percent or more of the publicly held securities need be disclosed.
 - (7) If the Bidder proposes to subcontract any substantial portion of the work to be performed to a subcontractor, then all of the information required in this section shall be disclosed for the subcontractor as if it were itself a Bidder.
- (b) After receipt of a bid, proposal, or offer, but prior to the award of a Contract, the Commission may require a potential Lottery Contractor to provide any or all of the following information:
 - (1) A disclosure of all the states and jurisdictions in which the Bidder does business, and the nature of that business for each state or jurisdiction.
 - (2) A disclosure of all the states and jurisdictions in which the Bidder has Contracts to supply gaming goods or services, including, but not limited to, lottery goods and services, and the nature of the goods or services involved for each state or jurisdiction.
 - (3) A disclosure of all the states and jurisdictions in which the Bidder has applied for, has sought renewal of, has received, has been denied, has pending, or has had revoked a gaming license of any kind, and the disposition in each state or jurisdiction. If any gaming license has not been renewed or any

gaming license application has been either denied or has remained pending for more than six months, all of the facts and circumstances underlying this failure to receive a gaming license shall be disclosed.

- (4) A disclosure of the details of any conviction or judgment of a state or federal court against the Bidder of any gambling-related offense, or criminal offense other than traffic violations.
 - (5) A disclosure of the details of any bankruptcy, insolvency, or reorganization, or any judgment or pending litigation involving fraud or deceit against the Bidder.
 - (6) A disclosure for each Bidder of the employment, residence, educational, and military history since the age of 18 years of any of its owners, directors, members, officers, employees, or agents identified by the Lottery.
 - (7) A disclosure consolidating all reportable information on all reportable contributions by the Bidder to any local, state, or federal political candidate or political committee in this state for the past five years that is reportable under any existing state or federal law.
 - (8) A disclosure of the identity of any entity with which the Bidder has a joint venture or other Contractual arrangement to supply any state or jurisdiction with gaming goods or services, including, but not limited to, lottery goods or services; including a disclosure with regard to the entity of all of the information requested under paragraphs (1) to (8), inclusive.
 - (9) In the instance of a procurement for the printing of lottery tickets, for goods or services involving the receiving or recording of number selections, or for goods or services involving the determination of winners, an additional disclosure consisting of the individual federal and state income tax returns for the past three years and a current individual financial statement for each Bidder and any of the Bidder's owners, directors, members, officers, employees, or agents identified by the Lottery. The disclosures provided in this paragraph shall be considered confidential and shall be transmitted directly to the Deputy Director for Security and the Attorney General for their review.
 - (10) Any additional disclosures and information as may be appropriate for the procurement involved as determined by the Commission.
- (c) With respect to the persons or entities described in paragraphs (1) to (7), inclusive, of subdivision (a), the Commission may request the disclosure of any information required in subdivision (b), which shall be relevant to the award of any Contract.
- (d) No Contract with any Bidder who has not complied with the disclosure requirements described in this section shall be entered into or be enforceable. Any Contract with any lottery Contractor who does not comply with these requirements for maintaining the currency of the disclosures during the term of the Contract as may be specified in the Contract may be terminated by the Commission. In addition, the Commission may deny or cancel a Contract with a lottery Contractor or any of the persons or entities included in paragraphs (1) to (7), inclusive, of subdivision (a) if any of the following apply:
- (1) False statements have been made in any information which is required under this section.
 - (2) Any of the persons or entities have been convicted of a crime punishable as a felony.
 - (3) Any of the persons or entities have been convicted of an offense involving dishonesty or any gambling-related offense.
- (e) This section shall be construed broadly and liberally to achieve the end of full disclosure of all information necessary to allow for a full and complete evaluation of the competence, integrity, and character of potential suppliers of the California State Lottery Commission.

Rev.1/1/05

Bidder: _____

Attachment 1

PRICE SHEET (Page 1 of 1)

Prices indicated on this Price Sheet are inclusive of all items outlined in Exhibit A, Scope of Services including overhead, administrative, travel, per diem and expenses. Bidders shall provide an hourly base rate for each of the following items based on the projected number of hours in parentheses (). The projected hours are for calculation purposes only. The Lottery does not guarantee any specific number of hours and may adjust the projected number of hours to best meet the needs of the Lottery. The projected budget is approximately \$65,000 per year. **NOTE: Production does not include printing.** Bidders shall mark "N/C" for any item that is not charged.

	Meeting and	Concept and		Print	Total
<u>Sample</u>	<u>Consultation</u>	<u>(mock-up)</u>	<u>Production</u>	<u>Supervision</u>	<u>Annual Price</u>
1. Annual Report	_____/hr x (10) = \$_____	_____/hr x (30) = \$_____	_____/hr x (36) = \$_____	_____/hr x (8) = \$_____	\$_____
2. Lottery Journal	_____/hr x (2) = \$_____	_____/hr x (6) = \$_____	_____/hr x (28) = \$_____	_____/hr x (3) = \$_____	\$_____
3. Corporate Brochures Information Booklets	_____/hr x (3) = \$_____	_____/hr x (15) = \$_____	_____/hr x (14) = \$_____	_____/hr x (4) = \$_____	\$_____
4. Newspaper Inserts (see the CSL Website www.calottery.com for sample)	_____/hr x (14) = \$_____	_____/hr x (20) = \$_____	_____/hr x (50) = \$_____	N/A	\$_____
5. Internet Banners	_____/hr x (1) = \$_____	_____/hr x (6) = \$_____	_____/hr x (7) = \$_____	N/A	\$_____
6. Outreach Advertisements	_____/hr x (2) = \$_____	_____/hr x (7) = \$_____	_____/hr x (5) = \$_____	_____/hr x (15) = \$_____	\$_____
7. Media Relations Folder	_____/hr x (3) = \$_____	_____/hr x (14) = \$_____	_____/hr x (11) = \$_____	_____/hr x (4) = \$_____	\$_____
GRAND TOTAL					\$_____

I, _____, certify that I am authorized to sign this price sheet and to warrant that the prices set forth are accurate and unconditional. I further certify that these prices constitute an irrevocable offer, which the Lottery may, at its option, accept or reject at anytime within 180 days from the date that responses to this RFP are due, and that these prices will remain effective for the entirety of the contract term and any extensions thereto.

Printed Name of Authorized Representative

Title

Signature of Authorized Representative

Date

Bidder**Attachment 2****CERTIFICATION
(Page 1 of 6)****I. BIDDER INFORMATION**

Name of Bidder: _____

Address: _____

State/City/Zip Code: _____

Contact Person: _____ Telephone: _____

Email: _____ FAX: _____

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

1. _____
(Name) (Title)_____
(Address)2. _____
(Name) (Title)_____
(Address)

(Attach additional pages if needed.)

II. BIDDER CERTIFICATION

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

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

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 Bidder has read the solicitation, understands it and agrees to comply with all Terms and Conditions.
- G. The Bidder agrees to provide insurance/bond coverage as described in the Contract Terms and Conditions.
- H. Recognizing that initial payments to the Contractor may be delayed approximately forty-five (45) days, the Bidder has sufficient resources to meet his/her obligations during this forty-five day period.

III. CONTRACTOR CERTIFICATION CLAUSES

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

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

Attachment 2

**CERTIFICATION
(Page 3 of 6)**

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

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

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

D. SWEATFREE CODE OF CONDUCT:

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

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

Attachment 2

**CERTIFICATION
(Page 4 of 6)**

IV. DOING BUSINESS WITH THE STATE OF CALIFORNIA

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

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

Current State Employees:

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

Former State Employees:

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

Attachment 2

**CERTIFICATION
(Page 5 of 6)**

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

V. CONFIDENTIALITY STATEMENT

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

Attachment 2

**CERTIFICATION
(Page 6 of 6)**

- B. I further warrant that all materials provided by the Lottery will be returned promptly after use and all copies or derivations of the materials will be physically and/or electronically destroyed. I will include with the returned materials, a letter attesting to the complete return of materials and documenting the destruction of copies and derivations. Failure to comply will subject this company to liability, both criminal and civil, including all damages to the Lottery and third parties. I authorize the Lottery to inspect and verify the above.
- C. I further warrant that if awarded the contract, *Contractor/Bidder* will not disclose to any third party information pertaining to the contract prior to receiving the written consent of the Lottery, and written confirmation from the Lottery that such third party has entered into a written agreement with the Lottery governing the conditions under which such third party may receive information from *Contractor/Bidder* pertaining to the contract.

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

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

**Attachment 3
GUARANTY
(Page 1 of 2)**

This Guaranty is to be completed and signed by the Bidder if not a subsidiary corporation (check Box A below), or if Bidder is a subsidiary corporation (check Box B below), by the parent company of the Bidder.

- ☐ A. In the event that the agency is not a subsidiary corporation, it will be deemed that the agency guarantees performance under any Contract resulting from this RFP with the full force and credit of all its assets.
- ☐ B. If the agency is a subsidiary corporation, it shall have this Guaranty completed and signed by the parent corporation to guaranty the full and prompt performance of all covenants, terms and conditions, and Contracts resulting from this RFP for the term of the Contract.
1. The parent company _____ (company name) has the financial ability to meaningfully support such guaranty;
 2. The official signing of this Guaranty is authorized to bind the guarantor corporation;
 3. Accepts unconditional responsibility for all performance and financial requirements and obligations of the Contract;
 4. For good and valuable consideration, receipt of which is hereby acknowledged, the Guarantor is making the guaranty;
 5. The Guarantor stipulates that if the Contract is ultimately awarded to the subsidiary, the Lottery will do so in reliance upon the guaranty;
 6. The undersigned corporate officer warrants (1) that he or she has personally reviewed all pertinent corporate documents, including but not limited to articles of incorporation, bylaws and agreements between the parent and the subsidiary; and (2) that nothing in these documents in any way limits the capacity of the parent to enter into the Contract or guaranty;
 7. The Lottery need not take any action against the Bidder, any other guarantor, or any other person, firm, or corporation, or resort to any security held by it at any time before proceeding against the Guarantor and the Guarantor hereby waives any and all notices and demands which may be required to be given by any other statute or rule of law and agrees that its liability hereunder shall be in no way affected, diminished, or released by any extension of time, forbearance, or waiver which may be granted the Bidder, its successor, or assignee, and that this guaranty shall extend to and include all future amendments, modifications, and extensions of the Contract and all future supplemental and other agreements with respect to matters covered by the Contract which the Lottery

Bidder

**Attachment 3
GUARANTY
(Page 2 of 2)**

and Bidder may enter into, with or without notice to or knowledge of Guarantor but Guarantor shall have the benefit of any such extension, forbearance, waiver, amendment, modifications, or supplemental obligations of Guarantor hereunder shall be coextensive with but not in the excess of the obligations of its successor or assignee under the Contract.

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

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

Signature of Representative Authorized to
Contractually Bind Bidder **OR** Parent Company

Date

Company Name

Attachment 4

RESUME FORM

Employee Name: _____ Title: _____ Time (%): _____ Years Experience: _____

Education/School: _____ Major: _____ Degree/Year: _____ Location of Staff: _____

Agency	Accounts	Level of Responsibility/Experience	Number of Years	C/P*

* Indicate 'C' for current accounts and 'P' for previous accounts
Use additional sheets as needed



CALIFORNIA STATE LOTTERY

Attachment 5

Small Business & DVBE Program Form

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

Business Name		Business Address	
City	State	Zip Code	Fax Number
Name of Owner			Telephone Number
Name of Contact Person			Telephone Number
Business Category:	☐ Small	☐ DVBE	Business Certified with: _____
	☐ Microbusiness	Certification #:	Agency Name _____

Type of Business:	☐ Sole Owner	☐ Partnership	Check one that applies: ☐ Non- Manufacturer ☐ Manufacturer Indicate number of Employees: _____	Check one that applies: ☐ Services ☐ Goods ☐ Information Technology ☐ Construction
	☐ Corporation	☐ Other		
	☐ Joint Venture			

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

Owners, Officers	Stock Ownership (%)	Home Address

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

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

Services/Goods, etc. Provided: _____

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

Signature of Authorized Representative _____

Date _____

Title _____

CSL 0718 (R 12/11)

CONFIDENTIAL

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



***GENERAL CONTRACTOR
DISCLOSURE***

CONTRACTOR DISCLOSURE

INTRODUCTION

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

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

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

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

INSTRUCTIONS

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

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

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

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

PRIVACY NOTICE

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

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

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

CONTRACTOR DISCLOSURE

PAGE 1

BUSINESS INFORMATION				
NAME OF BUSINESS				
TRADE NAME/DBA				
STREET ADDRESS OF BUSINESS	CITY	STATE	ZIP CODE	TELEPHONE
STREET ADDRESS OF BUSINESS RECORDS	CITY	STATE	ZIP CODE	TELEPHONE
TYPE OF BUSINESS				
☐ 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 QUALIFIED 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	STATE	ZIP CODE	TELEPHONE
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.				

CONTRACTOR DISCLOSURE

PAGE 2

	DIRECTOR - OFFICER LIST	
--	------------------------------------	--

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

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

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

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

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

--	--	--	--	--

CONTRACTOR DISCLOSURE

PAGE 3

OWNERS- PARTNERS – STOCKHOLDERS

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. 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 ____

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

CONTRACTOR DISCLOSURE

PAGE 4

GAMING GOODS/SERVICES

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

☐ YES ☐ NO

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

	DATE	STATE/JURSDICTION	GOODS AND SERVICES PROVIDED	TERM OF CONTRACT
A				
B				
C				
D				
E				
F				

LEGAL PROCEEDINGS

HAS THE BUSINESS, ANY OWNER, OFFICER, DIRECTOR OR STOCKHOLDER OF THE BUSINESS, OR, IN THE EVENT OF A PUBLICLY HELD CORPORATION, THOSE STOCKHOLDERS OWNING 5% OR MORE OF THE CORPORATE STOCK, EVER BEEN CONVICTED IN A STATE OR FEDERAL COURT OF ANY GAMBLING RELATED OFFENSE OR CRIMINAL OFFENSE OTHER THAN A TRAFFIC VIOLATION? (8880.57(b)(4))

☐ YES ☐ NO

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

CONTRACTOR DISCLOSURE

PAGE 5

LEGAL PROCEEDINGS

HAS THE BUSINESS EVER BEEN A DEFENDANT OR RESPONDENT IN ANY OF THE FOLLOWING: (8880.57(b)(10)

☐

YES

☐

NO

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

☐

ANTI-TRUST CASE

☐

TRADE REGULATION VIOLATIONS

☐

SECURITY JUDGEMENTS

☐

LICENSE DENIALS, SUSPENSIONS OR DISPLAINARY ACTION

☐

ANY TAX LIENS

☐

FRANCHISE TAX BOARD SUSPENSIONS

HAS THE BUSINESS EVER BEEN THE SUBJECT OF A BANKRUPTCY, INSOLVENCY OR REORGANIZATION OR ANY JUDGEMENT OR PENDING LITIGATION INVOLVING FRAUD OR DECEIT? (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 PROCEEDING.

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

CONTRACTOR DISCLOSURE

PAGE 6

DONATIONS

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

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

SUBCONTRACTORS

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

CONTRACTOR DISCLOSURE

PAGE 7

ATTACHMENT CHECK LIST

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

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

CONTRACTOR DISCLOSURE

PAGE 8

STATE OF: _____

COUNTY OF: _____

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

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

Signature of Applicant

Subscribed and Sworn to before me this _____ day

Of _____, 20_____.

Notary Public

(SEAL)