

State of Arkansas
ARKANSAS LOTTERY COMMISSION

REQUEST FOR QUALIFICATIONS

RFQ Number: ALC-RFQ-140001	Buyer:
Commodity: Supplemental Advertising, Marketing and Media Services	RFQ Opening Date: June 5, 2014
Date: May 21, 2014	RFQ Opening Time: 4:00 P.M. CST

RFQ RESPONSES WILL BE ACCEPTED UNTIL THE TIME AND DATE SPECIFIED ABOVE. THE RFQ RESPONSE ENVELOPE **MUST** BE SEALED AND SHOULD BE PROPERLY MARKED WITH THE RFQ NUMBER, DATE AND HOUR OF RFQ OPENING AND VENDOR'S RETURN ADDRESS. IT IS NOT NECESSARY TO RETURN "NO BIDS" TO THE ARKANSAS LOTTERY COMMISSION.

Vendors are responsible for delivery of their RFQ documents to the Arkansas Lottery Commission. When appropriate, Vendors should consult with delivery providers to determine whether the RFQ documents will be delivered to the Arkansas Lottery Commission office street address prior to the scheduled time for RFQ opening. Delivery providers, USPS, UPS, FedEx, and DHL deliver mail to our street address, 124 W. Capitol Avenue, Suite 1400, Little Rock, AR 72201, on a schedule determined by each individual provider. These providers will deliver to our offices based solely on our street address.

MAILING ADDRESSES: P.O. Box 3238 Little Rock, AR 72203	RFQ OPENING LOCATION: Arkansas Lottery Commission Offices
TELEPHONE NUMBER: (501) 683-2000	

Company Name: _____

Name (type or print): _____

Title: _____

Address: _____

Telephone Number: _____

Fax Number: _____

E-Mail Address: _____

Signature: _____

USE INK ONLY; UNSIGNED RFQs WILL NOT BE CONSIDERED

Identification: *	*
Federal Employer ID Number	Social Security Number

FAILURE TO PROVIDE TAXPAYER IDENTIFICATION NUMBER MAY RESULT IN RFQ REJECTION

Business Designation (check one):	Individual *	Sole Proprietorship *	Public Service Corp *
	Partnership *	Corporation *	Government/ Nonprofit *

GENERAL DESCRIPTION:	Comprehensive Advertising, Marketing, and Media Services
TYPE OF CONTRACT:	Term
BUYER:	
AGENCY P.R. NUMBER	

INVOICE TO:

F.O.B:

MINORITY-OWNED AND FEMALE-OWNED BUSINESS POLICY

Participation by minority-owned and female-owned businesses is encouraged in this and all other procurements by state agencies. "Member of a minority" is defined at Arkansas Code Annotated § 23-115-103(15) as "a lawful permanent resident of this state who is: (A) African American; (B) Hispanic American; (C) American Indian; (D) Asian American; or (E) Pacific Islander American." "Minority-owned business" is defined at Arkansas Code Annotated § 23-115-103(16) as "a business that is owned by: (A) An individual who is a member of a minority who reports as his or her personal income for Arkansas income tax purposes the income of the business; (B) A partnership in which a majority of the ownership interest is owned by one (1) or more members of a minority who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the income of the partnership; or (C) A corporation organized under the laws of this state in which a majority of the common stock is owned by one (1) or more members of a minority who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the distributed earnings of the corporation". The Arkansas Economic Development Commission conducts a certification process for minority businesses. Vendors unable to include minority-owned business as subcontractors "may explain the circumstances preventing minority inclusion."

"Female-owned business" is defined at Arkansas Code Annotated § 23-115-103(5) as "a business: (A) Whose management and daily business operations are under the control of one (1) or more females; and (B) Either: (i) Individually owned by a female who reports as her personal income for Arkansas income tax purposes the income of the business; (ii) Which is a partnership in which a majority of the ownership interest is owned by one (1) or more females who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the income of the partnership; or (iii) Which is a corporation organized under the laws of this state in which a majority of the common stock is owned by one (1) or more females who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the distributed earnings of the corporation."

The ALC strongly encourages utilization of small, minority-owned, and women-owned businesses to the greatest extent possible, including subcontractors. ALC will employ staff to assist prospective Vendors and retailers with entering into and competing for Contracts.

EQUAL EMPLOYMENT OPPORTUNITY POLICY

In compliance with Section 5 of the Arkansas Lottery Commission Major Procurement Rules, the Office of State Procurement of the Department of Finance and Administration is required to have a copy of the Vendor's Equal Opportunity Policy prior to issuing a Contract award. EO Policies may be submitted in electronic format to the following email address: eeopolicy.osp@dfa.state.arkansas.gov or as a hard copy accompanying the solicitation response. The Office of State Procurement and the Arkansas Lottery Commission (ALC) will maintain a file of all Vendor EO policies submitted in response to solicitations issued by this office. The submission is a onetime requirement, but Vendors are responsible for providing updates or changes to their respective policies and of supplying EO policies upon request to other state agencies that must also comply with this statute.

TECHNOLOGY ACCESS FOR THE BLIND

Please reference Section 508 of the federal Rehabilitation Act, 29 U.S.C. 794d and Arkansas Code Annotated § 25-26-201 et seq., as amended by Act 308 of 2013 which expresses the policy of the state to provide individuals who are blind or visually impaired with access to information technology purchased in whole or in part with state funds. The Vendor expressly acknowledges that state funds may not be expended in connection with the purchase of information technology unless that system meets certain statutory requirements, in accordance with the state of Arkansas technology policy standards, relating to accessibility by persons with visual impairments.

Accordingly, the Vendor represents and warrants to the Arkansas Lottery Commission that the technology provided to the Arkansas Lottery Commission for purchase is capable either by virtue of features included within the technology or because it is readily adaptable by use with other technology of:

- Providing equivalent access for effective use by both visual and non-visual means;
- Presenting information, including prompts used for interactive communications, in formats intended for non-visual use; and
- After being made accessible, it can be integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired.

For purposes of this paragraph, the phrase "equivalent access" means a substantially similar ability to communicate with or make use of the technology, either directly by features incorporated within technology or by other reasonable means such as assistive devices or services which would constitute reasonable accommodations under the Americans with Disabilities Act or similar state or federal laws. Examples of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives to mouse commands and other means of navigating graphical displays, and customizable display appearance.

ACT 157 of 2007 EMPLOYMENT OF ILLEGAL IMMIGRANTS

Pursuant to Act 157 of 2007 (Ark. Code Ann. § 19-11-105), all Vendors must certify prior to award of the Contract that they do not employ or Contract with any illegal immigrants in its Contract with the state. Vendors shall certify online at: <https://www.ark.org/dfa/immigrant/index.php/user/login>. Any subcontractors used by the Vendor at the time of the Vendor's certification shall also certify that they do not employ or Contract with any illegal immigrant. Certification by the subcontractors shall be submitted within thirty (30) days after Contract execution.

ARKANSAS LOTTERY COMMISSION MAJOR PROCUREMENT RULES

Vendors are subject to all requirements of the Arkansas Lottery Commission Major Procurement Rules (Attachment A), whether such requirements are specifically set forth in this RFQ or not.

ALTERATION OF ORIGINAL RFQ DOCUMENTS

The original written or electronic language of the RFQ shall not be changed or altered except by approved written addendum issued by the Arkansas Lottery Commission. This does not eliminate a Vendor from taking exception(s) to these documents, but does clarify that the Vendor cannot change the original document's written or electronic language. If the Vendor wishes to make exception(s) to any of the original language, it must be submitted by the Vendor in separate written or electronic language in a manner that clearly explains the exception(s). If Vendor's/Contractor's submittal is discovered to contain alterations/changes to the original written or electronic documents, the Vendor's response may be declared as "non-responsive" and the response shall not be considered.

REQUIREMENT OF ADDENDA

THIS RFQ MAY BE MODIFIED ONLY BY ADDENDA WRITTEN AND AUTHORIZED BY THE ARKANSAS LOTTERY COMMISSION. Vendors are cautioned to ensure that they have received or obtained and responded to any and all amendments to the RFQ prior to submission.

DELIVERY OF RESPONSE DOCUMENTS

In accordance with the Arkansas Lottery Commission Major Procurement Rules, it is the responsibility of Vendors to submit RFQs at the place and on or before the date and time set in the RFQ solicitation documents. RFQ documents received at the Arkansas Lottery Commission office after the date and time designated for RFQ opening are considered late RFQs and shall not be considered. RFQ response documents arriving late, which are to be returned and are not clearly marked, may be opened to determine for which RFQ the submission is intended.

MULTIPLE AWARDS POSSIBLE

The Arkansas Lottery Commission reserves the right, in its sole discretion, to award Contract(s) to the respondent(s) that provide the best offering for the ALC including the possibility of multiple awards.

INTENT TO AWARD

After complete evaluation of the RFQ, the intent to award will be posted on the Arkansas Lottery Commission's website, <http://www.myarkansaslottery.com/about/procurement>, and/or the legal section of a newspaper of statewide circulation. The purpose of the posting is to establish a specific time in which Vendors and agencies are aware of the intent to award. The RFQ results will be posted for a period of at least five (5) business days prior to the issuance of any award. Vendors and agencies are cautioned that these are preliminary results only, and no official award will be issued prior to the end of the five-day posting period. Accordingly, any reliance on these preliminary results is at the agency's/Vendor's own risk.

The Arkansas Lottery Commission reserves the right to waive this policy, the Intent to Award, when it is in the best interest of the state. Vendors are responsible for viewing the Intent to Award section of the Arkansas Lottery Commission's web site at: <http://www.myarkansaslottery.com/about/procurement>.

RESERVATION

This RFQ does not commit the ALC to qualify a Vendor, award a Contract, to pay costs incurred in the preparation of a response to this request, or to procure or Contract for any service.

PAST PERFORMANCE

In accordance with provisions of the Arkansas Lottery Commission Major Procurement Rules Section (7)(C)(iii)(g) a Vendor's past performance with the state may be used in the evaluation of any offer made in response to this solicitation. The past performance should not be greater than three (3) years old and must be supported by written documentation on file in the Arkansas Lottery Commission at the time of the RFQ opening. Documentation may be in the form of either a written or electronic report, VPR, memo, file or any other appropriate authenticated notation of performance to the Vendor files.

EO-98-04 GOVERNOR'S EXECUTIVE ORDER

Completion of the Disclosure Forms located at <http://www.dfa.arkansas.gov/Pages/businessServices.aspx> is required by Governor's Executive Order EO-98-04 as a condition of obtaining, extending, amending, or renewing a Contract, lease, purchase agreement, or grant award with any Arkansas state agency.

OUTSTANDING TAX LIABILITY

Vendors must disclose the existence, as of the date of the bid submission, of any unsatisfied lien, certificate of indebtedness, certificate of assessment, writ of execution, writ of garnishment, business closure order, civil action, or other indication of delinquency against Vendors for any outstanding tax liability owed by Vendors to any state taxing authority. Vendors acknowledge that a search of public records may be conducted to discover the existence of any unsatisfied tax assessments. Vendors further acknowledge that any unsatisfied liens, certificates of indebtedness, certificates of assessment, writs of execution, writs of garnishment, business closure orders, civil action, or other indication of delinquency for any outstanding tax liability owed by Vendors may result in Vendors being deemed non-responsible and their bids rejected.

VENDOR REQUESTS

The Successful Vendor may be requested by the ALC to perform tasks, provide equipment, or otherwise provide services or subcontract services described herein. By mutual agreement, those functions may be performed for a specific fee to be mutually agreed upon.

SECTION 1. GENERAL INFORMATION

1.0 INTRODUCTION

The purpose of this Request for Qualifications (RFQ) is to invite responses (Proposals) from Vendors desiring to provide supplemental advertising, marketing, and media services for the Arkansas Lottery Commission (ALC). The ALC intends to execute one or more Contracts as a result of this RFQ (the Contract), if any Contract is issued at all, encompassing services outlined in this RFQ, and Proposals shall be evaluated accordingly. All Vendors must fully acquaint themselves with the ALC's needs and requirements and obtain all necessary information to develop an appropriate solution and to submit responsive and effective Proposals. Vendors must also acquaint themselves with the ALC's Major Procurement Rules (Attachment A), and adhere to the requirements of those rules throughout this process.

The Arkansas Lottery Commission is an instrumentality of the state of Arkansas. It employs approximately eighty (80) people statewide. Its headquarters are located in Little Rock, and it operates claim centers in Springdale, Jonesboro, and Camden. The ALC is committed to maximizing revenues for specific scholarship education programs in Arkansas by providing entertaining lottery products and quality customer service to retailers and players, while maintaining its integrity and the integrity of its games.

1.1 ISSUING AGENCY

The Arkansas Lottery Commission is the issuing agency of this RFQ, and is the sole point of contact in the state for the selection process. Vendor questions regarding RFQ related matters, technical information or clarification should be made in writing through the ALC Chief Legal Counsel Jean Block at jean.block@arkansas.gov.

1.2 SCHEDULE OF EVENTS

Release RFQ	May 21, 2014
Written Vendor questions due	May 27, 2014, no later than 4:30 p.m. CST
Answers to Vendor questions	May 30, 2014, no later than 4:30 p.m. CST
Bids opened	June 5, 2014, 4:00 p.m. CST
Presentation finalists notified	June 12, 2014, no later than 4:30 p.m. CST
Finalist presentations	June 17, 2014
Evaluation of proposals	June 17, 2014-June 20, 2014
Anticipation of awards(s)	Upon approval by ALC and ALC Legislative Oversight Committee (estimated to be week of June 30, 2014)

RFQs are due no later than the date and time listed on Page 1 of the RFQ.

1.3 CAUTION TO VENDORS

- During the time between the RFQ opening and Contract award, any contact concerning this RFQ will be initiated by the issuing office or requesting entity and not the Vendor. Specifically, the person named herein will initiate all contact.

- Vendors **must** submit **one (1) signed original RFQ** (marked “ORIGINAL”) and **one (1) electronic copy of the RFQ response** (marked “COPY”) on CD or flash drive or before the date specified on page one of this RFQ. The Vendor should also submit seven (7) complete copies (marked “COPY”) of the signed RFQ response. Failure to submit the required number of copies with the RFQ may be cause for rejection. If the ALC requests additional copies of the RFQ, they must be delivered within twenty-four (24) hours of request.
- For a RFQ to be considered, an official authorized to bind the Vendor to a resultant Contract must have signed the RFQ and the Official RFQ Price Sheet.
- All official documents and correspondence shall be included as part of the resultant Contract.
- The ALC reserves the right to award a Contract or reject a submission for any or all line items of a submission received as a result of this RFQ, if it is in the best interest of the ALC to do so. RFQs will be rejected for one or more reasons not limited to the following:
 - a. Failure of the Vendor to submit his or her RFQ(s) on or before the deadline established by the issuing office;
 - b. Failure of the Vendor to respond to a requirement for oral/written clarification, presentation, or demonstration;
 - c. Failure to supply Vendor references;
 - d. Failure to sign an Official RFQ Document;
 - e. **Failure to complete the Official RFQ Price Sheet(s) and include them sealed separately from the rest of the RFQ;**
 - f. Any wording by the Vendor in their response to this RFQ, or in subsequent correspondence, which conflicts with or takes exception to a requirement in the RFQ; or
 - g. Failure of any proposed services to meet or exceed the specifications.
- The Official Price RFQ Sheet is posted and may be downloaded at <http://myarkansaslottery.com/about/procurement>.

1.4 RFQ FORMAT

Any statement in this document that contains the word “**must**” or “**shall**” or “**will**” means that compliance with the intent of the statement is mandatory, and failure by the Vendor to satisfy that intent will cause the RFQ to be rejected. It is recommended that Vendors respond to each item or paragraph of the RFQ in sequence. Items not needing a specific Vendor statement may be responded to by concurrence or acknowledgement; no response will be interpreted as an affirmative response or agreement to the ALC conditions. Reference to handbooks or other technical materials as part of a response must not constitute the entire response and Vendor must identify the specific page and paragraph being referenced.

1.5 SEALED PRICES

The Official RFQ Price Sheet submitted in response to this RFQ must be submitted separately sealed from the RFQ response. **Pricing from the Official RFQ Price Sheet must be separately sealed from the RFQ response and clearly marked as pricing information. Do not include any pricing from the Official RFQ Price Sheet on the copies, including the CD or flash drive. The electronic version of the Official RFQ Price Sheet must also be sealed separately from the electronic version of the RFQ.**

1.6 TYPE OF CONTRACT

This will be a term Contract for a term of one (1) year from date of award, with an option for renewal up to two (2) additional times in one (1) year increments or a portion thereof.

The ALC will have the option to renegotiate at time of renewal.

1.7 PAYMENT AND INVOICE PROVISIONS

All invoices shall be delivered to the ALC.

The Invoice, Invoice Remit, and Summary must be delivered via paper at no cost to the ALC.

The ALC shall have no responsibility whatsoever for the payment of any federal, state, or local taxes which become payable by the Successful Vendor or its subcontractors, agents, officers, or employees. The Successful Vendor shall pay and discharge all such taxes when due.

Payment will be made in accordance with applicable state of Arkansas accounting procedures upon acceptance by the Agency. The ALC may not be invoiced in advance of delivery and acceptance of any services. Payment will be made only after the Successful Vendor has successfully satisfied the requesting agency as to the reliability and effectiveness of the services as a whole. Purchase Order Number and/or Contract Number should be referenced on each invoice.

The Successful Vendor shall be required to maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the ALC. Access will be granted upon request, to state or federal government entities or any of their duly authorized representatives.

Financial and accounting records shall be made available, upon request, to the ALC's designee(s) at any time during the Contract period and any extension thereof, and for five (5) years from expiration date and final payment on the contract or extension thereof.

1.8 PROPRIETARY INFORMATION

Proprietary information submitted in response to this RFQ **will** be processed in accordance with applicable state of Arkansas procurement procedures. Proposals and documents pertaining to the RFQ become the property of the state and after proposal opening **shall** be open to public inspection pursuant to the Arkansas Freedom of Information Act, § 25-19-101 et seq. It is the responsibility of the Vendor to identify all proprietary information. The Vendor should submit one (1) complete electronic copy of the RFQ response from which any proprietary information has been removed, i.e., a redacted copy (marked "REDACTED COPY"). The redacted copy should reflect the same pagination as the original, show the empty space from which information was redacted, and should be submitted on a CD or flash drive, preferably in PDF format. Except for the redacted information, the redacted copy **must** be identical to the original hard copy. The respondent is responsible for ensuring the redacted copy on CD/flash drive is protected against restoration of redacted data. The redacted copy **will** be open to public inspection under the Arkansas Freedom of Information Act (AFOIA) without further notice to the respondent after award of the Contract. If a redacted copy is not received the entire response **will** be open to public inspection with the exception of financial data. If the ALC deems redacted information to be subject to the AFOIA the Vendor will be contacted prior to ALC sending out the information.

1.9 CLARIFICATION OF RFQ AND QUESTIONS

If additional information is necessary to enable Vendors to better interpret the information contained in the RFQ, written questions will be accepted until the close of business (4:30 PM CST) on May 27, 2014.

Vendor questions submitted in writing will be consolidated and responded to by the ALC. The consolidated written ALC response will be posted on the ALC website on or before the close of business (4:30 PM CST) on May 27, 2014. Written questions should be sent to the attention of the ALC Chief Legal Counsel Jean Block at jean.block@arkansas.gov.

1.10 BID EVALUATION

The ALC RFQ evaluation committee will evaluate all proposals to ensure all requirements are met. Contract(s) will be awarded as outlined in Section 6 of this RFQ.

1.11 ORAL AND/OR WRITTEN PRESENTATIONS/DEMONSTRATIONS

Vendor finalists will be required to make oral presentations to the RFQ selection committee on June 17, 2014, at a time and place specified by the RFQ selection chairperson. All presentations are subject to be recorded. All expenses associated with the presentation will be borne by the Vendor.

1.12 PERFORMANCE SECURITY

In order to assure full performance of all obligations imposed on a Vendor by Contracting with the ALC, the Vendor will be required to provide a performance security in an amount of \$25,000 submitted by the Vendor within ten (10) working days from date of receipt of the ALC's written notification by mail of its intent to award a proposal. The form of security required shall be a performance bond such as is usually and customarily written and issued by surety companies licensed and authorized to do business in Arkansas or a cashier's/certified check. An irrevocable letter of credit from an Arkansas bank is also acceptable. The ALC shall award the Contract upon acceptance of the performance security. The performance security should be made out to the ALC and will be on file at the ALC office.

If a Vendor fails to deliver the required performance security, the proposal shall be rejected. In the event of a breach of Contract, either through quality problems, late delivery, substitutions, non-performance, or other areas within the control of the Vendor, the ALC will notify the Vendor in writing of the default and may assess reasonable charges against the Vendor's performance security. If, after notification of default, the Vendor fails to remedy the ALC's damages within ten (10) working days, the ALC may initiate procedures for collection against the Vendor's performance security.

In the event of default, and in order to achieve the greatest economy for the state, the ALC may choose another qualified Vendor, re-advertise for proposals, negotiate a purchase, or complete any other action consistent with the major procurement rules. The performance security will be released at the end of the Contract period.

1.13 PRIME CONTRACTOR RESPONSIBILITY

The Successful Vendor will be required to assume prime Contractor responsibility for the Contract and will be the sole point of contact.

The ALC reserves the right to interview the key personnel assigned by the Successful Vendor to this project and to recommend or require reassignment of personnel deemed unsatisfactory by the ALC.

The ALC reserves the right to approve subcontractors for this project and require primary Contractors to replace subcontractors that are found to be unacceptable.

If any part of the work is to be subcontracted the Vendor is subject to the provisions of Arkansas Code Annotated § 23-115-501(c), in that the Vendor must disclose the same information for the subcontractor as for itself. Responses to this RFQ must include a list of subcontractors, including: firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractor's organizational activities.

1.14 DELEGATION AND/OR ASSIGNMENT

The Vendor shall not assign the Contract in whole or in part or any payment arising there from without the prior written consent of the ALC. The Vendor shall not delegate any duties under the Contract to a subcontractor unless the ALC has given written consent to the delegation.

1.15 CONDITIONS OF CONTRACT

The Successful Vendor shall at all times observe and comply with federal and state laws, local laws, ordinances, orders, and regulations existing at the time of or enacted subsequent to the execution of this Contract which in any manner affect the completion of the work. The Successful Vendor shall indemnify and save harmless the agency and all its officers, representatives, agents, and employees against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order, or decree by an employee, representative, or subcontractor of the Successful Vendor.

Vendors may obtain a copy of the ALC's Policies and Procedures at <http://www.myarkansaslottery.com/about/rules-and-enabling-legislation-0>

1.16 CANCELLATION

In the event the ALC no longer needs the service or commodity specified in the Contract or purchase order due to program changes, changes in laws, rules, or regulations, relocation of offices, or lack of appropriated funding, the ALC may cancel the contract by giving the Vendor written notice of such cancellation thirty (30) days prior to the date of cancellation and a right to a hearing before the Commission.

1.17 STATEMENT OF LIABILITY

The ALC will demonstrate reasonable care but shall not be liable in the event of loss, destruction, or theft of Contractor-owned technical literature to be delivered or to be used in the installation of deliverables. The Vendor is required to retain total liability for technical literature until the deliverables have been accepted by the "authorized agency official." At no time will the ALC be responsible for or accept liability for any Vendor-owned items.

The Successful Vendor shall indemnify and hold harmless the ALC, its officers, directors, agents, retailers, and employees and the state of Arkansas, from and against any and all suits, damages, expenses, losses, liabilities, claims of any kind, costs or expenses of any nature or kind, including, with limitation, court costs, attorneys' fees, and other damages, arising out of, in connection with or resulting from the development, possession, license, modification, disclosure or use of any copyrighted or non-copyrighted materials, trademark, service mark, secure process, invention, process or idea (whether patented or not), trade secret, confidential information, article, or appliance furnished or used in the performance of the Contract.

1.18 AWARD RESPONSIBILITY

The ALC will be responsible for award and administration of any resulting Contract(s).

1.19 INDEPENDENT PRICE DETERMINATION

By submission of this RFQ, the Vendor certifies, and in the case of a joint RFQ, each party thereto certifies as to its own organization, that in connection with this RFQ:

- The prices in the RFQ have been arrived at independently, without collusion and that no prior information concerning these prices has been received from or given to a competitive company; and

- If there is sufficient evidence of collusion to warrant consideration of this RFQ by the Office of the Attorney General, all Vendors shall understand that this paragraph may be used as a basis for litigation.

1.20 PUBLICITY

News release(s), media interviews or other publicity by a Vendor pertaining to this RFQ or any portion of the project shall not be made without prior written approval of the ALC. Failure to comply with this requirement is deemed to be a valid reason for disqualification of the Vendor's RFQ.

The Successful Vendor agrees not to use the ALC's names, trademarks, service marks, logos, images, or any data arising or resulting from this RFQ or the Contract as part of any commercial advertising or proposal without the express prior written consent of the ALC in each instance.

1.21 CONFIDENTIALITY

The Successful Vendor shall be bound to confidentiality of any confidential information that its employees may become aware of during the course of performance of contracted services. Consistent and/or uncorrected breaches of confidentiality may constitute grounds for cancellation of the Contract.

The Successful Vendor shall represent and warrant that its performance under the Contract will not infringe any patent, copyright, trademark, service mark, or other intellectual property rights of any other person or entity and that it will not constitute the unauthorized use or disclosure of any trade secret of any other person or entity.

1.22 PROPOSAL TENURE

All RFQ Proposals shall remain valid for one hundred eighty (180) calendar days from the Proposal due date referenced on Page 1 of the RFQ.

1.23 COST

All charges must be included on the Official Cost Schedule, must be valid for one hundred eighty (180) days following proposal opening, and shall be included in the costing evaluation. The pricing must include all associated cost for the service being bid.

NOTE:

1. The ALC will not be obligated to pay any costs not identified on the Official RFQ Cost Schedule.
2. Any cost not identified by the Vendor but subsequently incurred in order to achieve successful operation will be borne by the Vendor.
3. Official Proposal Cost Schedule and Supplemental Pricing Information Sheets may be reproduced as needed.
4. Vendors may expand items to identify all proposed services. A separate listing, which must include pricing, may be submitted with summary pricing.

1.24 WARRANTIES

1. The Successful Vendor shall warrant that it currently is, and will at all times remain, lawfully organized and constituted under all federal, state and local law, ordinances and other authorities of its domicile and that it currently is, and will at all times remain in full compliance with all legal requirements of its domicile and the state of Arkansas.
2. The Successful Vendor shall warrant and agree that all services provided pursuant to this RFQ and the Contract have been and shall be prepared or done in a workmanlike manner consistent with the highest standards of the industry in which the services are normally performed. The

Successful Vendor further represents and warrants that all computer programs implemented for performance under the Contract shall meet the performance standards required thereunder and shall correctly and accurately perform their intended functions on the equipment supplied by the ALC or the Successful Vendor.

3. The Successful Vendor shall warrant that it is qualified to do business in this state and shall file appropriate tax returns as provided by the laws of this state.

1.25 ONGOING PERFORMANCE REQUIREMENTS

The ALC may terminate the Contract by the Successful Vendor or its subcontractors under the terms of the Contract if, within ten (10) days after the ALC gives the Successful Vendor written notice specifying a default, the Contractor has not, in the ALC's sole judgment, either cured the default or given adequate assurance that assures the default will not adversely affect the timely implementation of the lottery or its continued operation.

Moreover, the ALC may cancel and terminate the Contract on less than ten (10) days written notice in cases of fraud, failure to disclose information required under this RFQ, submission of work product in contravention of the terms of the Contract, refusal to permit inspections authorized by the Contract, and failure to adhere to all security requirements established from time to time by the ALC.

1.26 VENDOR QUALIFICATIONS

The Successful Vendor must, upon request of the ALC, furnish satisfactory evidence of its ability to furnish products or services in accordance with the terms and conditions of this RFQ. The ALC reserves the right to make the final determination as to the Vendor's ability to provide the services requested herein.

The Vendor must demonstrate that it possesses the capabilities and qualifications described in Sections 3, 4 and 5, including, without limitation, the following:

- Be capable of providing the services required by the ALC;
- Be chartered or licensed to do business in this state;
- Complete the Cost Schedule (Attachment B) and Supplemental Pricing Information, if applicable (Attachment C).

1.27 NEGOTIATIONS

As provided in this RFQ and under the ALC's Major Procurement Rules, discussions may be conducted with responsible Vendor(s) who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of obtaining clarification of proposal response and negotiation for best and final offers.

1.28 INDEMNIFICATION – THIRD PARTY CLAIMS

Notwithstanding any limitation in this agreement, Vendor shall defend and indemnify the state of Arkansas, its instrumentalities, agencies, departments, boards, political subdivisions and all their respective officers, agents and employees against all suits or claims of any nature (and all damages, settlement payments, attorneys' fees, costs, expenses, losses or liabilities attributable thereto) by any third party which arise out of, or result in any way from, any defect in the goods or services acquired hereunder or from any act or omission of Vendor, its subcontractors, their employees, workmen, servants or agents. Vendor shall be given written notice of any suit or claim. State shall allow Vendor to defend such claim so long as such defense is diligently and capably prosecuted through legal counsel. State shall allow Vendor to settle such suit or claim so long as (i) all settlement payments are made by (and any deferred

settlement payments are the sole liability of Vendor, and (ii) the settlement imposes no non-monetary obligation upon state. State shall not admit liability or agree to a settlement or other disposition of the suit or claim, in whole or in part, without the prior written consent of Vendor. State shall reasonably cooperate with Vendor's defense of such suit or claim. The obligations of this paragraph shall survive termination of the parties' agreement.

1.29 INTELLECTUAL PROPERTY INFRINGEMENT

Without limitation and notwithstanding any provision in this agreement, Vendor shall, upon receipt of notification, defend and indemnify the ALC, its instrumentalities, agencies, departments, boards, political subdivisions and all their respective officers, agents and employees against all actions, proceedings or claims of any nature (and all damages, settlement payments, attorneys' fees (including inside counsel), costs, expenses, losses or liabilities attributable thereto) by any third party asserting or involving an intellectual property right related to an acquired item. The ALC shall allow Vendor to defend such claim so long as the defense is diligently and capably prosecuted. The ALC shall allow Vendor to settle such claim so long as (i) all settlement payments are made by Vendor, and (ii) the settlement imposes no non-monetary obligation upon state. The ALC shall reasonably cooperate with Vendor's defense of such claim. (b) In the event an injunction or order shall be obtained against the ALC's use of any acquired item, or if in Vendor's opinion, the acquired item is likely to become the subject of a claim of infringement or violation of an IP right, Vendor shall, without in any way limiting the foregoing, and at its expense, either: (1) procure for the ALC the right to continue to use, or have used, the acquired item, or (2) replace or modify the acquired item so that it becomes non-infringing but only if the modification or replacement does not adversely affect the specifications for the acquired item or its use by the ALC. If neither (1) nor (2), above, is practical, the ALC may require that Vendor remove the acquired item from the ALC, refund to the ALC any charges paid by the ALC therefore, and take all steps necessary to have the ALC released from any further liability. (c) Vendor's obligations under this paragraph do not apply to a claim to the extent (i) that the claim is caused by Vendor's compliance with specifications furnished by the state unless Vendor knew its compliance with the ALC's specifications would infringe an intellectual property right, or (ii) that the claim is caused by Vendor's compliance with specifications furnished by the ALC if the ALC knowingly relied on a third party's intellectual property right to develop the specifications provided to Vendor and failed to identify such product to Vendor. (d) As used in this paragraph, these terms are defined as follows: "Intellectual Property right(s)" means a patent, copyright, trademark, trade secret, or any other proprietary right. "Acquired item(s)" means the rights, goods, or services furnished under this agreement. "Specification(s)" means a detailed, exact statement of particulars such as a statement prescribing materials, dimensions, and quality of work. (e) Vendor's obligations under this clause shall survive the termination, cancellation, rejection, or expiration of this Agreement.

1.30 LICENSES AND PERMITS

During the term of the Contract, the Vendor shall be responsible for obtaining, and maintaining in good standing, all licenses (including professional licenses, if any), permits, inspections and related fees for each or any such licenses, permits and /or inspections required by the state, county, city or other government entity or unit to accomplish the work specified in this solicitation and the Contract.

1.31 OWNERSHIP OF DATA & MATERIALS

All data, material and documentation prepared for the ALC pursuant to this Contract shall belong exclusively to the state.

1.32 DEFINITION OF TERMS

ALC has made every effort to use industry-accepted terminology in this RFQ and will attempt to further clarify any point of item in question as indicated in "Clarification of RFQ." The words "respondent" and

“Vendor” are used as synonyms in this document. The words “Contractor/Successful Vendor” refer to the Vendor selected in the event of a resulting Contract(s). The word “agency” refers to the Arkansas Lottery Commission (ALC).

SECTION 2.0 ALC OVERVIEW

Legislation creating the Arkansas Lottery, also referred to as the Arkansas Scholarship Lottery (ASL), and the Arkansas Lottery Commission (ALC), was signed into law on March 26, 2009 (the Arkansas Scholarship Lottery Act, Ark. Code Ann. § 23-115-101 et seq. and § 6-85-201 et seq.). In accordance with that legislation, for the benefit of the people of Arkansas, the ALC issues this Request For Qualifications (RFQ) for supplemental Advertising, Marketing & Media Services to assist in our mission to operate a lottery that provides continuing entertainment to the public, maximizes the revenue generated for the support of higher education scholarships, preserves the integrity and dignity of the process, and accounts to the public and the General Assembly through reports and audits.

The Arkansas Lottery Commission is an independent agency of the state of Arkansas. It employs approximately eighty (80) people statewide. The ALC is committed to maximizing revenues for the Arkansas Academic Challenge Scholarship Program (AACSP) set forth in the Act creating the Arkansas Scholarship Lottery. The ALC began lottery ticket sales on September 28, 2009, offering the public instant games and, shortly after, terminal-generated games. In the first nine months of operation, the ALC generated over \$384 million in revenue and transferred over \$82 million in proceeds for the fiscal year. In fiscal year 2014, the ALC is projecting sales of \$417 million and expects proceeds to be in the range of \$82 million. The ALC's retailer base is nearly nineteen-hundred (1,900). Convenience store retailers are the strongest segment, followed by tobacco, grocery and liquor stores. Attachment D includes a summary of sales by each retailer segment.

2.1 PRODUCT OFFERING

The ALC's product mix is composed of instant and terminal-generated numbers games. Instant games are played by removing a scratch-off coating from the play area of the ticket. There are various ways to win, including matching certain symbols, adding up to a specified total or otherwise satisfying the requirements listed on the ticket. If the specified condition occurs, the ticket is an instant winner. These play styles are combined with a variety of game themes and ticket prices. Instant games were the first type of games offered by the ALC. In fiscal year ending June 30, 2014, the ALC will launch 48 instant ticket games with price points of \$1, \$2, \$3, \$5, \$10 and \$20. In fiscal year 2013, instant games sales were \$355,061,785, accounting for 80.8% of sales. Attachment D includes a summary of product sales over the last two fiscal years.

Terminal-generated games allow players to select the numbers for their wager, or players may utilize computer-generated plays. Players receive a ticket with the numbers selected or automatically generated and await the results of a drawing to determine if they have matched the numbers and won. We offer seven different types of terminal-generated games: Powerball®, Mega Millions®, Decades of Dollars, Natural State Jackpot, Cash 3, Cash 4, Fast Play, Arkansas 50/50 and AR Progressive Jackpot. In fiscal 2013, terminal-generated sales accounted for 19.2% of total sales.

Powerball® is a multi-state draw game jointly operated by the 33 member lotteries of the Multi-State Lottery Association and sold in 45 states and territories. Players select one set of five numbers from a pool of one to 59 and one additional number designated as the "Powerball" from a second pool of one to 35. To win the jackpot, all six numbers must be matched. The minimum jackpot amount is \$40 million, which increases for each subsequent draw when the jackpot is not won. Each Powerball® play costs \$2. For an additional dollar, the PowerPlay® feature allows players multiply their non-jackpot prizes to win an additional prize of up to \$1,000,000. A jackpot winner may select either an annuitized prize paid in 30 annual installments or a lump sum payment. Drawings are held every Wednesday and Saturday night. In fiscal year 2013, Powerball® sales were \$47,409,700, accounting for 10.8% of total sales for the year.

Mega Millions® is a second multi-state draw game sold in accordance with a cross-selling agreement

between the 12 Mega Millions® member states and the Multi-State Lottery Association. Mega Millions® is sold in 45 states and territories. Players select one set of five numbers from a pool of one to 56 and one additional number from a second pool of one to 46. To win the jackpot, all six numbers must be matched. The minimum jackpot amount is \$12 million, which increases for each subsequent draw when the jackpot is not won. Each Mega Millions® play costs \$1. For an additional dollar, the Megaplier® feature allows players to multiply non-jackpot winnings up to four times. A jackpot winner may select either an annuitized prize paid in 26 annual installments or a lump sum payment. Drawings are held every Tuesday and Friday night. In fiscal year 2013, sales for Mega Millions® were \$13,891,465, accounting for 3.1% of total sales during the year.

Decades of Dollars is a draw game sold in Arkansas, Georgia, Kentucky, and Virginia. Players have a chance to win \$250,000 a year for 30 years or a lump sum of \$4 million. Each Decades of Dollars play costs \$2. Players select six numbers from a pool of one to 47, and must match all six numbers to win the jackpot. Prizes are also paid for matching two to five numbers. Drawings are held every Monday and Thursday night. In fiscal year 2013, sales for Decades of Dollars were \$2,927,572, accounting for .7% of total sales during the year. The ALC plans to replace the Decades of Dollars game with Lucky for Life, a multi-state annuity game, in fiscal year 2015.

Natural State Jackpot is an Arkansas-only lotto style draw game that uses a standard matrix where a player selects five different numbers from one to 39. The game offers overall odds of one in nine of winning a prize, with top prize odds of one in 575,757. The top (jackpot) prize starts at \$25,000, with incremental growth of \$5,000 following each draw held without a top prize winner. The game also offers additional prize levels of \$1 for correctly matching two of the numbers drawn; \$7 for correctly matching three of the numbers drawn; and \$300 for matching four of the numbers drawn. The Natural State Jackpot amount re-sets to \$25,000 when the current jackpot is won by a player (or players) who correctly matched all five numbers drawn in a drawing. Drawings take place nightly Monday through Saturday at 8:00 PM (C.S.T.). Natural State Jackpot sales for fiscal 2013 were \$6,994,820, accounting for 1.6% of sales during the year.

Cash 3 is a terminal-generated game in which players select three numbers between zero and nine and can play the numbers straight, box, straight/box or combo. Cash 3 can be played starting at 50 cents. Drawings are conducted twice per day except Sunday, which has one drawing. In fiscal year 2013, sales for Cash 3 were \$6,161,706, accounting for 1.4% of total sales during the year.

Cash 4 is played similarly to Cash 3, with players selecting four numbers between zero and nine. Players may play the numbers straight, box, straight/box, and combo. Cash 4 can be played starting at 50 cents. Drawings are conducted twice per day except Sunday, which has one drawing. In fiscal year 2013, sales for Cash 4 were \$3,324,150, accounting for .7% of total sales during the year.

Fast Play is an instant play-style game that prints from retail terminals so players can determine instantly whether they have won. There are various ways to win, including matching certain symbols, adding up to a specified total, or otherwise satisfying the requirements listed on the ticket. The AR Progressive Jackpot Fast Play game launched on April 15, 2013. This game incorporates a new progressive jackpot gaming theme along with fixed lower-tier prizes. This Fast Play game offers the player a chance to win a prize at different fixed-prize levels, or a portion of the cumulative jackpot, or the entire cumulative jackpot with each play/ticket purchase. The game is available at three different price points (\$1, \$2 and \$5). On the AR Progressive Jackpot Fast Play ticket, a play can win up to five times, \$250 (or 20% of the current jackpot) on a single \$1 ticket; up to ten times, \$500 (or 40% of the current jackpot) on a single \$2 ticket; and up to fifteen times, \$1,000 (or 100% of the current jackpot) on a single \$5 ticket. The AR Progressive Jackpot amount re-sets to \$1,000 if the entire \$5 AR Progressive Jackpot is won. The AR Progressive Jackpot amount continuously grows with each ticket sold (10% of each ticket sale is contributed to the current AR

Progressive Jackpot amount). In fiscal year 2013, sales for Fast Play were \$3,391,691, which is .8% of total sales during the year.

Arkansas 50/50 is a raffle-style draw game exclusive to Arkansas. Draw sales begin on the first of every month and end on the last day of every month. Arkansas 50/50 tickets are generated from the retail terminal in sequential order, beginning with 000001 for each drawing. Twenty-five winning numbers are selected in each drawing, which is held on the first Tuesday of each month. Fifty percent of sales during the month preceding the draw are allocated to prizes. Of that amount, 75% is won by one ticket number. The remaining 25% is divided among 24 winning tickets. A player wins if the number on his or her ticket matches, with digits in exactly the same order, any of the winning numbers drawn by ALC. In fiscal year 2013, sales for Arkansas 50/50 were \$385,105, which is .1% of total sales during the year.

2.2 REVENUE, OPERATING EXPENSES & NET PROCEEDS

As of April 2014, the ALC is down \$18.5 million in sales as compared to the same period last year. The decrease in sales is primarily attributed to a decrease in instant games sales. In fiscal year 2013, the ALC saw a \$33.5 million, or 7.1%, decrease in lottery sales for fiscal year 2013 as compared to fiscal year 2012, of which instant ticket sales decreased by \$36.2 million, or 9.3%, while online ticket sales increased by \$2.7 million, or 3.3%. In fiscal 2013, Powerball® had a \$9.5 million, or 25.1%, increase in sales for fiscal year 2013, and Fast Play sales increased by \$0.7 million, or 24.6%, over fiscal year 2012. Due to a large jackpot run in January through April 2014, Natural State Jackpot sales are trending up for the 2014 fiscal year. Additionally, Fast Play sales are expected to increase significantly due to the success of the AR Progressive Jackpot Fast Play game. Attachment D includes a summary of revenue, operating expenses and net proceeds over the last four years of operation.

Advertising expenses have been approximately \$4,500,000 annually since fiscal year 2010. This is slightly lower than the national average of advertising spend, which is approximately one percent (1%) of sales. Advertising media expenses have traditionally been highest in the television category followed by radio, outdoor, internet/digital and print. Expenses are consistent with industry spend levels in each category. Attachment D includes a breakdown of expenses for each advertising category.

2.3 U.S. LOTTERIES' SALES

In fiscal 2013, the ALC generated \$439.5 million in sales, or \$152 in per capita sales. The ALC ranked 25th out of 44 states in per capita sales. ALC per capita annual instant tickets sales were \$122, outperforming 26 other states in this gaming category. Attachment D includes a summary of US lotteries' sales.

2.4 SALES BY COUNTY

The regions of northwest Arkansas and northeast Arkansas are geographical areas of the state that are underperforming in relation to sales per capita. A focus of fiscal 2015 will be on improving sales in these areas. Attachment D includes a summary of sales by county.

2.5 MARKETING RESEARCH

In January 2010, Crestwood, on behalf of the ALC, conducted a demographic survey to measure playership, demographics and awareness levels. A combined methodology of telephone and online research was utilized in a sample of 1,198 adults 18+ (N=397 phone surveys were collected, as well as N=801 online surveys). The ALC plans to conduct a similar study in fiscal year 2015 as a way to track results and to gain information to assist us in strategy development for increasing sales. Attachment D includes a summary of the results.

In spring 2013, Strategic Market Research, on behalf of the ALC, conducted a marketing survey to measure frequency of play, advertising awareness, lottery perceptions and beneficiary awareness. A

combined methodology of telephone and online research was utilized of a sample of 500 adults 18+ (N=150 phone surveys were collected, as well as N=350 online surveys). As a way to track those measurements year over year, the ALC conducted the same study in spring 2014. Attachment D includes a summary of the results.

SECTION 3. ALC OBJECTIVES

3.0 OVERVIEW

The integrity of the Arkansas Scholarship Lottery is essential. The ALC must maintain control over all functions and be assured that they are performed to provide the greatest long-term benefit to the state of Arkansas, the greatest integrity for the ALC, and the best service and products for the public, all in a manner consistent with the dignity of the state of Arkansas.

This RFQ is designed to qualify firms to provide marketing services, primarily in the form of creative and production services, but also to include promotions, communications, procurement and media placement services for the ALC for a term of one year. The Successful agency(s) will develop a strategy to improve brand awareness, engage with new and lapsed players and increase game sales. As a part of that strategy, the Successful Vendor(s) will provide the ALC with high quality television, radio, outdoor, print, social media, digital and point of sale creative for advertising and marketing campaigns. All responses to this RFQ shall reflect these overall goals and objectives outlined herein.

The ALC plans to offer a one-year extension to its Contracted agency, The Communications Group (“TCG”). This extension will expire on August 14, 2015. The Contract with The Communications Group will primarily be used for media buying services. The Contract(s) resulting from this RFQ will be primarily used for creative and production services. The selected agency(s) of this RFQ will work in conjunction with The Communications Group and the ALC to develop a strategic marketing plan for fiscal year 2015.

The ALC’s fiscal year 2015 advertising budget is \$5,000,000, approximately one percent of sales. The ALC anticipates the creative and production services billings in relation to this RFQ to be approximately \$1,100,000, which will primarily include service and production fees for activities related to creative and production, but may include services fees and commissions related to event/promotions management, communications, procurement and media purchases.

A Vendor does not need to restate each item listed in this Section 3, but will be bound by all applicable specifications. Information relating to these matters should be incorporated into the Proposal. A Vendor must provide in detail any limitations in meeting the requirements of Section 3.

3.1 ALC FY 2015 MARKETING FOCUSES

The ALC has three primary marketing focuses for fiscal year 2015. A qualified Vendor(s) will assist the ALC:

- A. Create a new branding campaign with a primary focus on instant games, but also to include: Powerball®, Mega Millions®, Natural State Jackpot and any other multi or in-state games or special promotions launched throughout the year. This budget will primarily include creative and production related fees for the television media category.*
 - a. Approximate Budget: \$500,000
 - b. Timeline:
 - 1. September: Best Games Are Back
 - 2. October: \$10 Highest Payout Instant Game
 - 3. November: MONOPOLY® National Game
 - 4. December: Holiday Instant Campaign
 - 5. January: Lucky for Life Multi-State Game
 - 6. February: New \$20 Instant Game
 - 7. April: Buy X Get Y Promotion
 - 8. June: June Instant Game

*Budgets are approximate and listed for informational purposes only; actual billings may be more or less.

9. Year-long: Powerball® Jackpot Campaign
10. Year-long: Mega Millions® Jackpot Campaign

- B. Launch a five-year anniversary promotion to celebrate ALC's beneficiaries including lottery winners and scholarship recipients in combination with the gaming and promotional plan outlined above. This budget may include service fees for creative and production, procurement, promotional or communication activities and media placement.*
 - a. Approximate Budget: \$300,000
 - b. Timeline: The ALC's five-year anniversary is September 28, 2014, therefore the majority of the campaign should occur September 2014-January 2015, but elements can extend throughout the year.
- C. Execute market-specific communications and marketing strategies in underperforming markets, particularly northwest and northeast Arkansas. This budget may include service fees for creative and production, procurement, promotional or communication activities and media placement.*
 - a. Approximate Budget: \$300,000
 - b. Timeline: August 2014-June 2015

All projects shall be paid pursuant to the fee schedule. Budgets are approximate and listed for informational purposes only; actual billings may be more or less. Below is the projected budget for fiscal year 2015.

	2013 Actual		2014 Budget		2015 Budget	
	Total	% to Total	Total	% to Total	Total	% to Total
Creative/Production	\$238,199	5%	\$123,486	3%	\$637,600	13%
Signage	\$308,980	7%	\$112,822	3%	\$112,781	2%
Website/App/Social Media	\$84,564	2%	\$118,848	3%	\$118,848	2%
Promotions	\$33,037	1%	\$42,873	1%	\$118,826	2%
Other	\$2,454	0%	\$4,216	0%	\$1,719	0%
Direct Mail	-	0%	\$79,659	2%	\$119,659	2%
Media + Commission	\$3,747,421	85%	\$4,018,096	89%	\$3,890,568	78%
TOTAL	\$4,414,655	100%	\$4,500,000	100%	\$5,000,000	100%

3.2 SUCCESSFUL VENDOR/ALC RELATIONSHIP

The nature of this RFQ and the Contract(s) that will result from this procurement will result in a relationship between the Successful Vendor and the ALC which must be founded in mutual trust and respect. The Successful Vendor must adopt the same attitudes and concerns towards integrity, security and quality of the Arkansas lottery's games, financial performance, minority participation and commitment to nondiscrimination as are held by the ALC.

*Budgets are approximate and listed for informational purposes only; actual billings may be more or less.

The Vendor will be responsible for providing marketing and advertising services, primarily creative and production support, for all lottery games, seasonal and special promotions and beneficiary messages. In addition to creative and production services, this RFQ authorizes a Successful Vendor(s) to purchase and place media, procure goods and services and develop strategies related to promotions and communications strategy development.

The ALC reserves the right, in its sole discretion, to accept all or any part of any proposal, to reject all proposals, and to enter into one or more Contracts for any category of services described in the RFQ.

The ALC does not grant the Vendor exclusive rights to all advertising and marketing services contemplated under this RFQ. In the event the ALC decides that the acquisition of these services by another Contractor is in the ALC's best interest, the ALC reserves the right to Contract and purchase advertising and marketing services from a different source outside of the Contract resulting from this RFQ, and the ALC's action to procure services outside of the Contract does not infringe upon, nor terminate, the Contract resulting from this RFQ.

The Arkansas Lottery Commission reserves the right in its sole discretion, to award Contract(s) to the respondent(s) that provide the best offering to perform the work outlined in Section 3.1 of this RFQ. Criteria may be found in Section 6 of this RFQ.

The Successful Vendor(s) may be requested by the ALC to perform tasks, provide equipment, or otherwise provide services or subcontract related to services described herein. By mutual agreement, those functions may be performed for a specific fee to be mutually agreed upon.

3.3 ADVERTISING AND MARKETING SERVICES: CREATIVE, PRODUCTION, PROMOTIONS & COMMUNICATIONS

The advertising and marketing services provided by the Successful Vendor(s) pursuant to this RFQ must address the stated specifications and requirements. The Successful Vendor will provide ongoing assistance in the marketing of lottery products including, but not limited to, advertising that may be associated with a specific instant or online game, a group of instant or online games, or promotion(s) or item(s) intended to enhance the ALC's exposure or corporate brand.

Creative and production services includes branding, concepting, designing and producing multi-media advertising campaigns intended for use in media vehicles including, but not limited to, television, radio, social media, digital, outdoor, print, direct marketing and point of sale. It also includes the execution of promotions and communications strategies. Promotions and communications initiatives include raising customer awareness of ALC products or brands, generating sales and creating brand loyalty. Promotional marketing includes developing and executing strategies related to sales promotion, direct marketing and event strategy. Communications include developing and executing strategies aimed to educate the public about our products and beneficiaries.

The Vendor will assist the ALC in providing advertising and marketing services to include, but not be limited to, the following:

- Creative concepts and design;
- Television and radio production;
- Point of sale materials;
- Print advertising;
- Social media;
- Outdoor advertising;
- Web-based promotional opportunities;

- Promotions and promotional materials;
- Public awareness campaigns;
- Beneficiary awareness efforts;
- As requested, assist the Marketing Department in the development and execution of statewide media and player promotions, incorporating television, radio, internet, print and/or other advertising media;
- Support campaigns to improve and enhance the games of the ALC;
- Analysis and recommendation of plans, negotiation of agreements, development and implementation of corporate partnerships and tie-ins, and "trade for mention" agreements as requested;
- Research services as requested by the ALC, including marketing planning;
- Attendance during focus group sessions as requested;
- Procurement of authorized items, goods, or services, including production services; and
- Maintenance of financial and accounting records and logs for services provided as directed by the ALC in accordance with generally accepted accounting principles.

The Successful respondent shall present creative solutions for all proposed advertising campaigns. Storyboards, scripts, print ads and all other creative concepts must be approved by the ALC prior to implementation. The Successful respondent and the ALC will meet on a regularly scheduled basis to review, plan and approve all creative concepts. All creative materials conceived, developed or produced for the use of ALC advertising will become the property of the ALC.

As requested by the ALC, the Vendor must attend various meetings at the ALC headquarters or by telephone. All services listed above will be paid on a monthly basis. All projects shall be paid pursuant to the fee schedule. The ALC will determine if the provision of the advertising and marketing services is to be pursued, sign the approval form and return it to the Vendor. The signed form will serve as the only authorization for the Vendor to proceed. Billing for advertising and marketing services may be submitted in progress. Each project or job shall be billed on a separate invoice. Invoices must reference a tracking number and include the amount approved, Vendor name, and description of the goods and services received from each, quantity and unit cost by item if appropriate, total cost by item, a summary total, and amount previously billed, if any. These reporting requirements may be modified and/or additional information may be required.

3.4 PROCUREMENT OF GOODS AND SERVICES

The Vendor shall purchase goods and services associated with advertising programs and marketing services in order to take advantage of the Vendor's expertise and knowledge and/or to maintain creative executions. The ALC must maintain integrity and creative execution by having the flexibility to respond to market-driven factors. This may require the ALC to use Vendors for specific services that are not available through other means to ensure timeliness and efficiency in these efforts. Examples of goods or services that may be provided or acquired by the Contractor on behalf of the ALC include, but are not limited to:

- Production services and materials for all media;
- Sponsorships or partnerships and goods and services associated with such sponsorships or partnerships, including "trade for mention" agreements;
- Printed materials;
- Merchandising equipment and materials;
- Promotion equipment, materials, and services, i.e., banners, transportation, storage, assembly and disassembly of items, including materials needed to sell lottery products at special events and promotions;
- Signage, including permanent or semi-permanent items used to provide brand visibility,

- information, and/or designation of ticket-selling locations;
- Premium items, i.e., clothing, hats, water bottles, sporting goods and equipment, and other similar items or merchandise used in marketing lottery products;
- Promotional prizes, i.e., gift certificates, event tickets, travel packages, vehicles, and other items used as prizes for marketing promotions;
- Items not specifically identified but within the scope of work and of a nature similar to those identified may also be procured or provided by the Vendor at the ALC's request and approval. The services include, but are not limited to, training programs, production assistance, consultative services for public affairs, crisis affairs, or public relations; and
- Research projects which may include, but are not limited to, research on advertising within Arkansas and research on advertising for multi-state cooperative games.

If any of these are provided by a subcontractor(s), the services will be provided as a pass through charge at net cost, without markup. If done through a subcontractor(s), the written Contract for each research project, the scope of the project, and the cost must be approved, in writing, by the ALC before any work is begun. All projects shall be paid pursuant to the fee schedule.

The Vendor must receive written authorization from the ALC before providing or purchasing any goods or services provided in this RFQ. The ALC shall develop a form which must be used by the Vendor for initiating, reviewing, and approving procurements. The form shall include:

- The Vendor as buyer and the ALC as receiver of the goods or services to be procured or provided;
- A unique tracking number;
- The name of the Vendor(s) from whom the goods or services are to be procured;
- An itemized list/description of the goods or services to be procured;
- The costs of the goods or services;
- A description of services and goods to be purchased or provided, including unit pricing and quantity information; and
- A recommendation from the Vendor regarding the proposed services or goods to be purchased or provided, including the competitive Vendor estimates obtained from prospective Vendors, if applicable.

The ALC will determine if the provision of the goods or services is to be pursued. A signed form will serve as the authorization for the Vendor to proceed. These reporting requirements may be modified and/or additional information may be required. For certain goods and services, when it is in the best interest of the ALC, the Vendor may make purchases from a specific Vendor for reasons of integrity and consistency of creative concept and product, brand recognition, timeliness, efficiency and/or superior qualifications, if the pricing is within the approved budget and it is recommended by the Vendor.

The Vendor shall bill all goods and services purchased for the ALC at net cost, without markup and shall pass on to the ALC any discounts earned in conjunction with such purchases. If any non-cash incentives or rewards are offered for the purchase, the Vendor shall attempt to negotiate a cash alternative to be passed on to the ALC in the form of discounted pricing.

3.5 MEDIA PLACEMENT SERVICES

The Communications Group will be the primary firm responsible for media buying services; the Successful Vendor(s) of this RFQ will be the secondary firm responsible for media buying services or related services as described herein. The Vendor will work closely with the ALC and The Communications Group in all phases of planning and implementation of these programs. The Vendor's management representative may consult with the ALC in the areas of advertisement placement. The

Vendor may procure media, such as radio, print, outdoor advertising, sports sponsorships, festivals, internet, and television advertising in a manner consistent with media industry practices. In that process, the Vendor is responsible for conducting competitive solicitations for media procurements, obtaining and analyzing bids from media outlets, and negotiating rates, including leveraging the value of media against “bonus spots” and added-value opportunities and recommending media choices to the ALC. The Vendor shall place orders on behalf of the agency after receiving requisite authorization. The Vendor shall be responsible for negotiating “bonus” space or time and recommending the most efficient and effective choice of placing media based on the appropriated budget. The Vendor shall contact stations, receive avails, negotiate pricing, renew or cancel media based on performance, and ensure the media purchased for an advertising campaign is placed. All media commissions and rebates related to media placement received by the Vendor will net to the ALC. The Vendor shall be responsible for maintaining all documentation relating to media buys and proof of performance. This information may be maintained and located at the ALC, if requested by the Vendor and agreed to by the ALC. All related media information shall be open to inspection by the ALC or other governmental entities during regular office hours.

3.5.1 PLACEMENT SPECIFICATIONS

The media services provided by the Successful Vendor(s) pursuant to this RFQ must address the stated specifications and requirements within the constraints and parameters defined herein. Under the direction of the ALC, the Vendor must provide those media services necessary to provide advertising services.

3.5.2 PLACEMENT SERVICES REQUIREMENTS

TCG will have the primary responsibility of purchasing media; however, the qualifying Vendor(s) related to this RFQ may procure media if requested by the ALC. If requested to provide media placement, the Vendor(s) shall provide these services and will be paid a commission percentage of the net media cost (actual cost, without markup), which shall account for the following functions:

- Develop media plans to launch and support planned lottery games and the overall image of the ALC;
- In conjunction with the ALC, develop and adhere to a budget for media, strategic alliances and sales promotions;
- As authorized by the ALC, develop and track specific plans to maximize awareness of the ALC and its games and recommend budgetary savings where appropriate;
- Develop a specific media plan to maximize impact within the proposed budget and recommend savings where appropriate;
- Negotiate special value-added media opportunities with media buys for all advertising mediums, as appropriate;
- As authorized, implement and satisfy all requirements of the media placement plans, including the following:
 - A. Monitor inventory to assure that potential lack of media for advertisement placement or oversupply conditions can be identified and managed;
 - B. Negotiate and purchase the placement of all time, space and other media;
 - C. Upload or deliver approved commercials to media outlets;
 - D. Provide traffic and placement instructions to media outlets;
 - E. Verify the broadcast, display, or publication of all requested media according to Contracts and placement instructions;
 - F. Evaluation of performance of broadcast schedules as compared with estimates;
 - G. Preparation of a quarterly, detailed post-buy evaluation for all purchased media; and
 - H. As appropriate, media buys should reflect sales trends and research, and be placed with stations and networks consistent with ALC goals and objectives;
- Estimate all media expenditures in advance for approval by the ALC;

- Provide written assurance that the Vendor will make no financial commitment on behalf of the ALC without prior written approval of the ALC;
- Include the ALC reference name and job number in all correspondence including invoices and authorization forms;
- Initiate and implement a systematic approach to gathering data which will be utilized to evaluate the effectiveness of the ALC's advertising. Establish an on-going effort to determine what type of communications, including media and messages, are most effective in communicating the ALC's message and apply this information to the development of future media plans;
- From time to time attend, either physically or by telephone, weekly marketing staff meetings and provide weekly status reports with updates on all planned, open, and pending jobs;
- Become and stay involved with the ALC's account and its marketing management. Vendor must have knowledge of internal and external ALC information;
- Become intimately familiar with the ALC products and marketplace and be committed to the account;
- Stay abreast and be knowledgeable of the cutting edge of web-based media and other state of the art media opportunities;
- Review and evaluate media proposals and make recommendations, including the rationale for the recommendations, to the ALC;
- Bill all services purchased for the ALC at the net cost without markup and pass on to the ALC any discounts earned in conjunction with the media or other purchases. The Vendor will attempt to negotiate a cash alternative to be passed on to the ALC for any non-cash incentives or rewards offered for the purchase of media or other services pursuant to the Contract. The Vendor shall not accept non-cash incentives or rewards for the Vendor's own use or on behalf of the ALC; and
- Assist in the ALC with strategic alliances, sports sponsorships and other projects on an as-needed basis, including the preparation of media evaluations for such events.

3.5.3 TYPES OF MEDIA TO BE PURCHASED

TCG will have the primary responsibility of purchasing media; however, the qualifying Vendor related to this RFQ may procure the following types of media on behalf of the ALC:

- Television;
- Radio;
- Cable television;
- Outdoor billboards or other signage;
- Newspapers;
- Magazines;
- Regional promotions;
- Professional sports;
- Festivals;
- Grocery stores;
- College sports;
- Internet/Digital;
- Social media; and
- Any other media format developed during the term of the award of this RFQ and for which ALC requests procurement.

The purchase of media, in all its forms, must be efficient, economical and flexible as required by ALC.

3.5.4 INDUSTRY TOLERANCE

All of the media purchased is subject to normal media purchase tolerances and practices.

SECTION 4. ADVERTISING COMPENSATION

Advertising and Marketing compensation shall be paid based upon the work performed for goods, services, and projects approved as specified in this RFQ. The budget is subject to approval by the ALC Commission.

A Vendor seeking consideration shall submit the compensation proposal in Attachment B (and Attachment C, if necessary) for advertising and marketing services as provided throughout the RFQ. It is ALC's expectation that the following skill sets or needed tasks described below will or may be assigned to the ALC account to perform the services required under this RFQ. Each Vendor will perform the services specified for the amount submitted in the RFQ. The actual name(s) and appropriate title(s) for the individuals who will be performing work within these categories pursuant to this Contract must be identified in response to this section. Vendors may provide additional categories and titles for client service positions.

Creative Director:

Responsible for interpreting the communication goals and objectives of the ALC's assignment and delivering creative concepts to finished products as approved by the client. Creative Director is responsible for creation and execution to finished product of client approved work on approved deadline and delivery schedules. Creative Director directs all copy and art team members within the agency team. Creative Director shall work collaboratively with ALC's Marketing staff.

Art Director:

Responsible for layout and design and other tasks as required by approved work assignments to include print, collateral, electronic, web and other forms of advertising. As part of the creative team, Art Director should collaborate with ALC's Marketing staff as assigned as well as other members of the agency team members.

Copy Writer:

Responsible for writing all forms of copy as ALC's work assignments dictate, including required revisions, until client approves final copy. As part of the creative team, Copy Writer should collaborate with ALC's Marketing staff as assigned as well as other members of the agency team members.

Graphic Designer:

Responsible for creating graphics and images to visually represent ideas and messages using a combination of typography, visual arts, animation and page layout techniques to produce a final result.

Account Supervisor:

Responsible for all client communications and contact reports, origination of jobs, dissemination of all information to other agency account team members, including creative, public relations and financial services, assignment of tasks within the agency and deadlines, both internal and external. Responsible for gaining ALC approval on all work to be produced, client approval for deadlines and delivery of that work, and the approval of all costs associated with approved work assignments.

Account Manager/Coordinator:

Assists Account Supervisor with all aspects of account supervision as assigned.

Staff Accountant:

Responsible for issuing purchase orders for authorized expenditures to Vendors for goods and services related to client's approved assignments, billing client for purchased items and agency team members'

hours as approved expenditures of client's assignments and billing to meet client's specifications, including all reference or account numbers requested by client. Responsible for paying Vendors in a timely fashion with procedures for providing proof of performance and verification of receipt of all Contracted goods and services

Promotional Specialist:

Assist in the development of promotional opportunities and sponsorships. Assist ALC with strengthening educational awareness programs and the ALC "beneficiary message." Assist in the development of existing and future promotional partners.

Promotional Staff:

Assist in working, staffing and facilitating of all promotional events.

Production Director:

Responsible for all production activities related to producing an advertisement including Contracting external Vendors, evaluating bids and making recommendations.

Public Relations Director

Responsible for building and managing relationships with the ALC's retailers, players, community members and the general public. Develops and executes communications and public relations programs and strategies.

Public Relations Coordinator:

Assists and coordinates public relations and communications programs and strategies.

4.1 MEDIA COMPENSATION

Media compensation will be applied as a percentage rate of the net advertising media placement cost. Net media is defined as the actual cost of media, without markup. The rate quoted must apply to all types of media advertisement placement within the scope of this RFQ except for those matters expressly allowing an hourly rate. If the Vendor evaluates a proposed media purchase or promotional opportunity at the request of ALC, including special events proposals, and ALC does not procure the media, ALC will pay the Vendor a flat fee of one hundred dollars (\$100.00) for the evaluation, unless otherwise agreed to in writing by the ALC. The Vendor is not entitled to a media evaluation fee if the ALC procures the advertising or undertakes the promotional activity or special event as a media placement which was the subject of the evaluation. A Vendor seeking consideration shall submit the compensation proposal in Attachment B for media placement services.

4.2 PAYMENT SCHEDULE

The ALC shall pay the Vendor based on the hours expended for approved projects and for media on a monthly basis or as otherwise agreed upon in writing by the parties. The ALC may request, and the Vendor shall provide, timesheets or other documentation as may be directed by the ALC prior to the payment for any services rendered. Failure to provide appropriate and satisfactory documentation will be sufficient grounds to withhold payment for the disputed amount, but other nondisputed amounts must be paid in a timely manner. Project costs for which the "pass-through" provisions apply shall be billed and paid for as directed by the ALC.

4.3 TRAVEL, LODGING, AND MEALS

Travel requests for meetings and conferences other than those held at ALC's headquarters must be pre-approved in writing by ALC and are subject to the same reimbursement levels and requirements imposed on ALC and other state employees. Payment for travel time to and from a lottery conference and time

spent at lottery conferences must be agreed to and reduced to writing prior to the travel. Travel requests and requests for payment which are not pre-approved shall not be reimbursed.

Hourly rates for travel time and mileage to and from routine weekly meetings with Marketing and/or Sales staff held at ALC headquarters will not be paid. Hourly rates, mileage, and other expenses for other ALC meetings that are not subject to the provisions of this paragraph will be paid as directed and approved in advance.

4.4 PRICE ADJUSTMENTS

Method of Adjustment

Any adjustment in the Contract price made pursuant to a clause in the Contract shall be consistent with this RFQ and shall be arrived at through whichever one of the following ways is the most valid approximation of the actual cost to the Contractor (including profit, if otherwise allowed):

- By agreement on a fixed price adjustment before commencement of the pertinent performance or as soon thereafter as practicable;
- By unit prices specified in the Contract or subsequently agreed upon;
- By the costs attributable to the event or situation covered by the relevant clause, including profit if otherwise allowed, all as specified in the Contract; or subsequently agreed upon; or,
- In such other manner as the parties may mutually agree.

Submission of Price or Cost Data

Upon request of the ALC, the Contractor shall provide reasonably available factual information to substantiate that the price or cost offered, for any price adjustments is reasonable.

4.4.1 PRICE ADJUSTMENTS – LIMITED BY CPI

“All Items:” Upon request and adequate justification, the ALC may in its discretion grant a price increase up to, but not to exceed, the unadjusted percent change for the most recent 12 months for which data is available, that is not subject to revision, in the Consumer Price Index (CPI) for all urban consumers (CPI-U), “all items” for services, as determined by the ALC. The Bureau of Labor and Statistics publishes this information on the web at www.bls.gov.

SECTION 5. ADDITIONAL VENDOR REQUIREMENTS

5.0 COMPREHENSIVE VENDOR INFORMATION

All proposals should be complete and carefully worded and should convey all of the information requested by the ALC. If significant errors are found in the Vendor's proposal, or if the proposal fails to conform to the essential requirements of the RFQ, the ALC will be the sole judge as to whether that variance is significant enough to reject the proposal. Proposals should be prepared simply and economically, providing a straightforward, concise description of the Vendor's capabilities to satisfy the requirements of the RFQ. Emphasis should be on completeness and clarity of the content. Proposals which include either modifications to any of the Contractual requirements of the RFQ or a Vendor's standard terms and conditions may be deemed non-responsive and therefore not considered for award.

5.1 VENDOR PROFILE

Vendor must submit the following:

- Business name;
- Business address;
- Alternate business address;
- Primary contact name, title, telephone, fax, and e-mail address;
- How many years this company has been in this type of business;
- Proof that the Vendor is qualified to do business in the state of Arkansas;
- A disclosure of the Vendor's name and address and, as applicable, the names and addresses of the following: If the Vendor is a corporation, the officers, directors, and each stockholder of more than a ten percent (10%) interest in the corporation. However, in the case of owners of equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to own beneficially five percent (5%) or more of the securities need be disclosed; if the Vendor is a trust, the trustee and all persons entitled to receive income or benefits from the trust; if the Vendor is an association, the members, officers, and directors; and if the Vendor is a partnership or joint venture, all of the general partners, limited partners, or joint venturers;
- A disclosure of all the states and jurisdictions in which the Vendor does business and the nature of the business for each state or jurisdiction;
- A disclosure of all the states and jurisdictions in which the Vendor has Contracts to supply gaming goods or services, including without limitation lottery goods and services, and the nature of the goods or services involved for each state or jurisdiction;
- A disclosure of all the states and jurisdictions in which the Vendor has applied for, has sought renewal of, has received, has been denied, has pending, or has had revoked a lottery or gaming license of any kind or had fines or penalties assessed to the Vendor's license, Contract, or operation and the disposition of each instance in each state or jurisdiction. If any lottery or gaming license or Contract has been revoked or has not been renewed or any lottery or gaming license or application has been either denied or is pending and has remained pending for more than six (6) months, all of the facts and circumstances underlying the failure to receive a license shall be disclosed;
- A disclosure of the details of any finding or plea, conviction, or adjudication of guilt in a state or federal court of the Vendor for any felony or any other criminal offense other than a traffic violation committed by the persons identified under Arkansas Code Annotated § 23-115-501 (b)(1). The ALC may request that any or all of the persons identified under § 23-115-501 (b)(1) undergo a state and federal criminal background check. If requested, a state and federal criminal background check shall be conducted in the manner under § 23-115-601(e);
- A disclosure of the details of any bankruptcy, insolvency, reorganization, or corporate or individual purchase or takeover of another corporation, including without limitation bonded indebtedness, and any pending litigation of the Vendor;

- A disclosure of the Vendor's most recent financial report, including any reports on internal control over financial reporting, and the most recent audit report of the Vendor's operation as a service organization; and
- Additional disclosures and information that the ALC may determine to be appropriate for the procurement involved.

5.2 VENDOR QUALIFICATION & MANDATORY REQUIREMENTS

The Vendor must have been in existence as an agency offering advertising and marketing services for at least three (3) years.

The Vendor must provide a letter of credit or similar document from a financial institution in the amount of \$500,000 as evidence of its financial ability to purchase media which will later be reimbursed by the ALC to Vendor. This requirement is separate and apart from the Performance Security requirement outlined in Section 1.12 of this RFQ.

The Vendor must provide documentation supporting compliance with these requirements. The Vendor who does not meet these minimum qualifications will be considered non-responsive and will not be evaluated. The ALC reserves the right to make a determination regarding a non-responsive submission.

5.3 GENERAL INFORMATION

The Vendor shall submit any additional information for consideration such as specialized services, staff available, or other pertinent information the Vendor may wish to include.

5.4 BACKGROUND INVESTIGATION

The ALC may conduct background investigations, as required by law. The Successful Vendor shall be required to conduct background investigations with the approval of the ALC on all subcontractors.

5.5 DISCLOSURE OF LITIGATION

A Vendor must include in its Proposal a complete disclosure of any civil or criminal litigation or indictment involving such Vendor. A Vendor must also disclose any civil or criminal litigation or indictment involving any of its joint ventures, strategic partners, prime Contractor team members, and subcontractors. This disclosure requirement is a continuing obligation, and any litigation commenced after a Vendor has submitted a Proposal under this RFQ must be disclosed to the ALC in writing within five (5) days after the litigation is commenced.

5.6 BACKGROUND AND FINANCIAL VIABILITY

A Vendor must provide evidence of financial responsibility and stability for performance of a Contract of this magnitude. A Vendor must demonstrate the ability to finance the project described by the Vendor's submission and must also disclose any outside financial resources that will be utilized.

5.7 CONFLICT OF INTEREST/LITIGATION

A Vendor shall provide information on any conflict of interest with the products and goals of ALC that could result from other projects in which the Vendor is involved. Failure to disclose any such conflict may be cause for Contract termination or disqualification of the response. Additionally, a Vendor must include in its response a complete disclosure of any civil or criminal litigation or indictment involving the Vendor. A Vendor must also disclose any pending litigation for any of its subcontractors. This disclosure requirement is a continuing obligation, and any litigation commencing after a Vendor has submitted a response under this RFQ must be disclosed to ALC in writing within fifteen (15) days after it is filed.

A Vendor or its subcontractor(s) must list all clients that were lost between January 2012 and the present and the reason for the loss. ALC reserves the right to contact any accounts listed in this section. A Vendor must describe any Contract disputes involving an amount of thirty-five thousand dollars (\$35,000.00) or more the Vendor, or its subcontractor(s), has been involved in within the past two (2) years. Please indicate if the dispute(s) has been successfully resolved.

5.8 BACKGROUND INVESTIGATION

Vendors must allow agents of ALC to perform an investigation of the financial responsibility, security, and integrity of an Offeror submitting a bid, if required by ALC.

5.9 SUBCONTRACTOR IDENTIFICATION

If you intend to subcontract with another business for any portion of the work and that portion exceeds 10% of your price, your offer must identify that business and the portion of work which they are to perform. Identify potential subcontractors by providing the business's name, address, phone, taxpayer identification number, and point of contact. In determining your responsibility, the state may evaluate your proposed subcontractors.

5.10 VENDOR QUALIFICATIONS

Vendors shall provide the following:

(A)

- An introduction letter which shall include Vendor's qualifications and interest in participating in the solicitation. A Vendor shall provide a brief history of its company, to include the name and location of the company and any parent/subsidiary affiliation with other entities. If a Vendor is utilizing the services of a subcontractor(s) for any of the service components listed, the Vendor shall include in its proposal response a brief history of the subcontractor's company to include the information requested herein. The letter should include the number of years of experience in advertising and marketing, and any professional affiliations and trade affiliations;
- An organizational chart which shall highlight the names/positions that will be involved in the ALC account, including the individual who will be primarily responsible for managing the account on a day-to-day basis;
- A resume or short biography and qualifications of all management, supervisory, and key personnel. A full explanation of staffing, functions, and methodology to be used in areas of advertising and marketing and account management, identifying specifically the personnel that will be assigned to the account. All such personnel are subject to ALC approval. Describe any staff functions that are considered unique to the account. Provide contingency plans for departure of key staff;
- An indication of how soon after the Contract award the personnel named would be available, and indicate any possible scheduling conflicts that might exist during the period of the Contract. Any other limitations on the availability to perform under this RFQ or to attend meetings must be fully explained;
- A description and reference for the top five billable Contracts which have been conducted over the past three (3) years. The Vendor should demonstrate the work the Vendor has done for clients during the past and indicate what individual on its staff was responsible for the work. The Vendor shall submit the following information or documentation for the Vendor and any subcontractor, if the value of subcontractor's portion of the work exceeds ten percent (10%) of your price (if in doubt, provide the information): Included shall be names, titles, addresses and telephone number of organizations which may be contacted to verify qualifying experience. For each of the five named clients, provide the following information:
 - A. Term of Contract, including effective dates;

- B. Contract billings for each client broken out by services fees and media;
 - C. Reason for Contract termination/expiration, if Contract is no longer in effect; and
 - D. Types of services directly provided under the Contract and whether the agency was the Contractor or subcontractor;
- A listing of the Vendor's current accounts and the longevity of those accounts;
 - A history of the Vendor's experience in providing work of similar size and scope, including a detailed, narrative statement of the three most recent, comparable Contracts (including contact information) which Vendor has performed and the general history and experience of its organization;
 - A list of failed projects, suspensions, debarments, and significant litigation;
 - A description of all agency awards won in the last five years;
- (B)**
- Description of the Vendor's past experience with programs to generate sales of consumer retail products. Provide an example and give the objectives, strategies, creative approach, media mix, and results against those objectives;
 - Provide an outline or other information relating to why the Vendor's experience qualifies in meeting the Marketing Services, Procurement of Goods and Services and Media Placement Services specified in Section 3 of this RFQ;
- (C)**
- A description of the resources and experiences which qualify your team to produce high-quality creative and production services for the ALC in relation to this RFQ. Identify any subcontractors you anticipate to be used for television or radio production. The ALC has provided industry examples of the types of advertising we aim to achieve in various media categories in terms of production, quality, messaging and creativity. Advertising examples will be posted on the Arkansas Lottery Commission's website, <http://www.myarkansaslottery.com/about/procurement>. Also, list any limitations your firm has in developing creating and producing advertisements at this standard;
 - Examples of the top five (5) television, radio, print, digital, outdoor and point of sale coordinated campaigns your firm has produced within the past three years. Examples of television and radio ads should be provided on either CD, DVD, or flash drive (in compliance with Section 1.3, second bullet point). All items offered must have been created by your firm and must include reference to any production subcontractors who were used;
 - Describe the process your company goes through in developing creative and how many concepts are typically presented for each campaign;
 - Describe all important elements you assess in your creative development and execution, such as key situational facts, advertising objectives, creative positioning, campaign execution and evaluation of campaign results;
- (D)**
- Describe your past experiences in developing campaign surrounding an anniversary celebration. Include the strategies, media, promotional, public relations and creative elements involved and the metrics used to determine the success of the promotion; and
- (E)**
- Describe your firm's success in increasing sales in underperforming markets and describe the strategies used in accomplishing that goal.

5.11 VENDOR'S RECOMMENDED PLAN OF ACTION

A vendor shall create a plan of action, which may be used by the ALC, for each of the three initiatives outlined in Section 3.1 of this RFQ, ALC FY 2015 Marketing Focuses. This section should include recommendations and timelines related to strategy, creative and production, media placement, procurement, communications and promotions. An explanation on how to measure the success of each initiative shall also be included. It is not necessary to develop any graphics or advertising creative for the purposes of responding to this RFQ.

SECTION 6. EVALUATION CRITERIA FOR SELECTION

The Vendor should address each item listed in this RFQ to be guaranteed a complete evaluation.

The ALC requires that the comprehensive Advertising, Marketing and Media Services requested under this RFQ be available for use by the ALC the day after the Contract Execution Date. Submission of a proposal implies Vendor acceptance of the evaluation technique and Vendor recognition that subjective judgments must be made by the ALC evaluation committee during the assignment of rating points.

The ALC reserves, and a Vendor by submitting a Proposal grants to the ALC, the right to obtain any information from any lawful source regarding the past business history, practices, and abilities of Vendor, its officers, directors, employees, owners, team members, partners, and/or subcontractors.

Following the RFQ opening, proposals will be evaluated in three phases:

The first phase will determine if the mandatory requirements of the RFQ have been agreed to and/or met. Failure to comply will deem the proposal non-responsive. Any proposal that is incomplete may be rejected by ALC. However, ALC may waive minor irregularities. This phase will be completed by ALC's Chief Legal Counsel.

The second phase is the evaluation of the technical responses provided to the criteria and expectations referenced in this RFQ. Selection of candidates for the Presentation phase is based upon scores of items 1-9 in the chart below ("initial score"). ALC will interview up to three candidates based upon the highest combined scores of items 1-9 below. This phase will be completed by an impartial evaluation committee established by the ALC Director. The names of the committee members shall not be divulged prior to ALC awarding a Contract(s). ALC reserves the right to revise the number of candidates invited to make a presentation based on technical scoring results.

The third phase will be awarding of Presentation points ("presentation score") (item 10 below). This phase will be completed by the aforementioned evaluation committee.

The initial score and presentation score from the second and third evaluation phases will be added together and the Vendor(s) receiving cumulative scores of 85 or higher will receive recommendation(s) of award for the project. ALC may enter pricing negotiations with these Vendors prior to recommendation for award. Proposals will be evaluated and awarded points based on a comparative formula of relative weighting as detailed below:

Item	Criteria	Total Weight
1.	Section 5 Excluding Section 5.10 (B-E)	25
2.	Section 5.10(B) General Qualifications	10
3.	Section 5.10(C) Creative, Production & Branding Campaign Qualifications	20
4.	Section 5.10(D) Anniversary Promotion Qualifications	5
5.	Section 5.10(E) Market Specific Strategies Qualifications	5
6.	Section 5.11 Plan for Creative, Production & Branding Campaign	10
7.	Section 5.11 Plan for Anniversary Promotion	5
8.	Section 5.11 Plan for Market Specific Strategies	5
9.	Minority-Owned and Female-Owned Business Participation	5
10.	Presentation	10
	Overall Score	100