



REQUEST FOR PROPOSALS

FOR

ADVERTISING AGENCY SERVICES

RFP #19-S-0002

DATE ISSUED: February 4, 2019



Anything
can happen in Jersey.™

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Part 1. Overview

1.1 General and Program Overview

General: Northstar New Jersey Lottery Group, LLC (“Northstar”) acts on behalf of the New Jersey Lottery (“Lottery”) under a Lottery Growth Management Services Agreement (“Services Agreement”) awarded to Northstar by the State of New Jersey in June 2013. Through this Request for Proposals #19-S-0002 (“RFP”), Northstar is soliciting competitive Proposals for Advertising Agency Services in the areas of (1) Creative and Coordinating Advertising Services and (2) Media Planning and Buying Services (sometimes individually referred to as a “Subcontract” or collectively as “Subcontracts”). Northstar’s intent is to award a Subcontract or Subcontracts for each of these service areas to a successful Bidder or Bidders to provide Advertising Agency Services to Northstar for the benefit of the Lottery. Interested firms may compete for one (1) or both Subcontracts in the specified service areas. Northstar reserves the right to award a Subcontract for one (1) or both of the specified service areas to a single firm.

Two Phase Procurement: Northstar intends to conduct the procurement covered by the RFP in two (2) phases.

- In Phase 1, any interested Bidder may submit a completed Agency Fact Sheet describing its qualifications in the form attached to this RFP as **Exhibit A**. Northstar will evaluate and assign a score to each Agency Fact Sheet according to the evaluation criteria specified in Part 3 of this RFP. The Bidders receiving the highest scores (not more than five (5) Bidders in each of the two (2) service areas for which Proposals are sought) will be selected as finalists and invited to submit detailed Proposals for further evaluation.
- In Phase 2, finalists will submit detailed Proposals and will be invited to make formal in-person presentations of their Proposals at Northstar’s offices. For a finalist competing for only one (1) of the two (2) available Subcontracts, Northstar will schedule a presentation session of up to 90 minutes. For a finalist competing for both available Subcontracts, Northstar will schedule a presentation session of up to two (2) hours. Northstar will evaluate and assign a score to each of the finalists’ Proposal(s) and rank the Proposal(s) in each of the two (2) service areas. Northstar will then issue notice of intent to award to the Bidder(s) receiving the highest score in each of the two (2) service areas with the intent to sign either two (2) Subcontracts (one (1) for each of the service areas) or a single Subcontract (if one (1) Bidder receives the highest scores in both service areas). If a Subcontract award fails for any reason, Northstar will proceed to award a Subcontract to the Bidder that submitted the next highest ranked Proposal in each of the two (2) service areas until both the Subcontracts are successfully awarded and signed. But see Section 1.7 (page 22), Right to Reject Proposals.

Current Marketing and Advertising Program: Under the Services Agreement, one (1) of Northstar’s key responsibilities is to administer a comprehensive marketing and advertising program to promote the sale of Lottery tickets. Northstar currently relies on Marketsmith, Inc. for Media Planning and Buying Services and PureRed for Creative and Coordinative Advertising Agency Services, pursuant to subcontracts that Northstar awarded in connection with a Request for Proposals (RFP #14-S-0002) for Advertising Agency Services issued on or around April 22, 2014 (the “2014 Request for Proposals”). Each of the subcontracts awarded pursuant to the 2014 Request for Proposals was effective as of July 1, 2014 for a term of three (3) years, with the option for Northstar to exercise two (2), one (1) year extension options. Northstar has exercised the

extension options available under each of these subcontracts, and each subcontract will expire by its stated terms on or around June 30, 2019.

Subcontract(s) to be Awarded: Northstar intends that a successful Bidder or Bidders will enter into a Subcontract or Subcontracts with Northstar in connection with this RFP to provide Lottery Advertising Agency Services in the areas of (1) Creative and Coordinating Advertising Services and (2) Media Planning and Buying Services, for a term of three (3) years beginning as of July 1, 2019, with two (2) one (1) year extension options. Interested firms may compete for one (1) or both of the Subcontracts in the specified service areas. However, Northstar reserves the right to award a Subcontract for one (1) or both of the specified service areas to a single firm.

1.1.1 New Jersey State Lottery

The mission of the Lottery is to raise revenue for maximum contribution to the State through the responsible sale of lottery products. This is accomplished by providing entertaining products through a dynamic public business enterprise built upon honesty, integrity, customer satisfaction, teamwork, and public/private partnerships.

The Lottery was created under an amendment to the State Constitution approved by 81.5% of New Jersey voters in November 1969.

Lottery ticket sales began in December 1970. Since then, the Lottery has contributed more than \$26 billion to programs and institutions that benefit millions of New Jersey State residents. Various polls and studies since the Lottery's inception continue to indicate strong majority support among New Jersey citizens for the Lottery as a revenue source.

Lottery player demographics have remained constant, with a diverse group of individuals playing the Lottery mirroring the population of the State.

1.1.2 Current Logo and Tagline

As shown on the cover page of this RFP, the Lottery logo depicting the words New Jersey Lottery accompanied by an image of a Lottery ball inscribed with a four-leaf clover and a superimposed outline of a map of the State of New Jersey and tagline, "Anything Can Happen in Jersey", are the principal marks currently used to identify the Lottery brand. See Section 1.1.15, Marketing Communications Program, for details on the brand.

1.1.3 Revenues by Game

For FY2017, sales totaled \$3.187 billion, a 3.1% decrease from FY2016 due to a \$1.6 billion Powerball Jackpot in FY2016. Sales by game for the last two (2) audited years were as follows:

	FY2017 (Millions)	FY2017 Share of TOTAL SALES	FY2016 (Millions)	PERCENT CHANGE
Pick-3	\$429.56	13.5%	\$439.63	-2.3%
Pick-4	\$273.45	8.6%	\$275.20	-0.6%
Jersey Cash 5	\$165.04	5.2%	\$151.64	8.8%
Pick-6	\$52.45	1.6%	\$54.63	-4.0%
CASH4LIFE	\$40.95	1.3%	\$45.76	-10.5%
Mega Millions	\$135.51	4.3%	\$144.42	-6.2%
Powerball	\$213.48	6.7%	\$286.00	-25.4%
Fast Play	\$26.90	0.8%	\$48.39	-44.4%
5 Card Cash	\$10.51	0.3%	\$3.06	243.0%
Bonus Draw	\$0.04	0.0%	\$0.00	NA
Instant Games	\$1,887.94	59.2%	\$1,872.92	0.8%
Sales Discounts	-\$48.92	-1.5%	-\$31.81	53.8%
TOTAL	\$3,186.91		\$3,289.85	-3.1%

By law, a minimum of 30 percent (30%) of total Lottery ticket sales revenue must be contributed to the State.

1.1.4 Lottery Beneficiaries

Lottery contributions of approximately a billion dollars annually, provide vital funding to State. The Lottery is the State's fifth largest revenue producer. Since its inception in 1970, the Lottery has dedicated more than \$26 billion to programs and institutions that benefit millions of New Jersey residents.

The Lottery also plays a key role in supporting businesses, large and small, throughout the State. At the end of FY2018 there were approximately 7,100 Lottery retailer licenses issued. Retailers are vital to the success and growth of the Lottery. As the public face of the Lottery brand they provide customer service and product support.

1.1.5 Organization: The New Jersey Lottery and Northstar

The Lottery is governed by the State Lottery Commission, which consists of seven (7) members, including the State Treasurer and the Director of the Division of Investments, serving as ex officio members, and five (5) public members appointed by the Governor with the advice and consent of the State Senate. The public members are each appointed for a term of five (5) years. The Lottery's chief operating officer is the Executive Director, who also serves as Secretary to the Commission.

The Lottery has control and oversight over the conduct of all Lottery operations and authority to direct or countermand Northstar's operating decisions. The Lottery has a staff of approximately 99 members, who are responsible under the Services Agreement, for, among other things, winning ticket validation, prize administration, internal controls, winning number drawings and broadcasts, revenue collection and accounting, retailer licensing, tax reporting, audits and investigations, and Lottery Commission approvals.

Under the Services Agreement, Northstar is responsible for technology (including gaming systems, websites and social media), sales channels, lottery game design, product portfolio management, ticket printing, distribution, warehousing, inventory management, retailer recruitment, training, commissions and incentives, customer relationship management, secondary drawings, marketing, advertising, public relations support, branding, loyalty programs, sponsorships, and the responsible gaming program. Northstar is also responsible for the award of subcontracts pursuant to this RFP, and Northstar will be responsible for the management of the Subcontracts and day-to-day coordination with the Subcontractor(s) and the Lottery. Northstar has a staff of approximately 140 employees.

1.1.6 Lottery Sales Team

There are four (4) sales districts that support both independent and chain-store retailers. Lottery Sales Representatives assigned to one (1) of the four (4) sales districts service Lottery retailers and provide daily support services, training, and advice to retailers on various sales and merchandising techniques. In addition, Business Development Associates work within assigned territories throughout the State to support retailer expansion by researching and recommending businesses for licensure as Lottery retailers. The Lottery sales force totals approximately 103 employees.

1.1.7 Lottery Drawings

Lottery evening drawings are currently conducted and broadcast live at 7:57 pm on Tribune Broadcasting owned television (TV) stations WPIX in New York and WPHL in Philadelphia, simulcast on the Lottery's website, and live-streamed to the Lottery Facebook page. Lottery midday drawings are currently conducted at 12:57 pm and are shown on the Lottery's website and live-streamed to the Lottery Facebook page. Lottery drawings are held every day except for Christmas Day.

In addition, New Jersey participates in the Multi-State games, Mega Millions, Powerball and CASH4LIFE. Mega Millions drawings are broadcast from Georgia, Powerball drawings are broadcast from Florida, and CASH4LIFE drawings are broadcast from New Jersey. Multi-State game drawings are conducted on a regular schedule year-round.

The Lottery is committed to continuing live TV drawings in the future. Responsibility for managing the Lottery's relationship with a particular TV station airing Lottery draws will rest with the successful Media Planning and Buying Services Subcontractor.

1.1.8 Lottery Demographics

A 2017 New Jersey Lottery Attitude and Usage Market Research Study produced the findings shown in the following two (2) tables:

	2017 n=	New Jersey Adults 1204	Current Players 962	Lapsed Players 83	Non-Players 159
Gender	Male	48%	49%	42%	44%
	Female	52%	51%	58%	56%
Age	18-34	28%	29%	24%	28%
	35+	72%	72%	76%	72%
Employment	Employed	63%	66%	54%	54%
	Retired/Homemaker	23%	22%	29%	27%
Education	HS or less	19%	18%	20%	21%
	Some College	27%	28%	16%	26%
	College grad+	54%	53%	64%	52%
Race	White	72%	72%	72%	70%
	African American	14%	15%	8%	9%
	Asian	8%	7%	12%	11%
	Other	7%	7%	7%	8%
Ethnicity	Hispanic or Latino	16%	16%	12%	17%
	Not Hispanic or Latino	84%	84%	87%	82%

	2017 n=	Current Players 962	Frequent Players 423	Medium Players 338	Light Players 201
Gender	Male	49%	57%	43%	45%
	Female	51%	43%	57%	55%
Age	18-34	29%	27%	29%	32%
	35+	72%	73%	71%	68%
Employment	Employed	66%	71%	60%	64%
	Retired/Homemaker	22%	17%	25%	25%
Education	HS or less	18%	22%	15%	16%
	Some College	28%	30%	29%	23%
	College grad+	53%	48%	55%	61%
Race	White	72%	69%	76%	71%
	African American	15%	17%	12%	14%
	Asian	7%	7%	6%	9%
	Other	7%	7%	6%	7%
Ethnicity	Hispanic or Latino	16%	19%	14%	12%
	Not Hispanic or Latino	84%	81%	85%	88%

1.1.9 VIP Club

The Lottery VIP Club operates through the Lottery's website and mobile app, and membership is free. Individuals register to become members by accessing the website or mobile app and providing their name, mailing and email addresses and basic demographic information. Membership benefits include, among other things, exclusive access to second chance drawings in the Lottery Bonus Zone and Million Dollar Replay programs, daily email reports of winning numbers and jackpot amounts, plus exclusive promotions. Current VIP Club membership totals over 446,000 members.

1.1.10 Lottery Website and Mobile App

The Lottery's consumer-facing website at NJLottery.com receives over 1.2 million unique monthly visitors. The average time of each visit to the website is over two (2) minutes. The Lottery mobile app offers many of the website features and has approximately 200,000 users per month. The Lottery also has a retailer website which provides specialized information for licensed Lottery agents.

1.1.11 Retailer Network

The Lottery retailer network consists of approximately 7,100 licensed retailers, of which approximately 20% are chain stores and approximately 80% are independently owned. Retailers use dedicated gaming terminals connected to a communications network and gaming system provided by Northstar in order to sell tickets for Draw Games, (e.g., Pick-3, Pick-4, Mega Millions, Powerball), and to validate winning tickets from Draw Games and Scratch-Offs, (e.g., Win for Life). In addition, more than 1,900 retailer locations are equipped with Instant Ticket Vending Machines or self-service machines.

Licensed retailers receive a 5% commission for Lottery ticket sales and a 1.25% commission for the payout of prizes valued at up to \$599.00. Other sales bonuses are paid on a per game basis for the sale of top tier winning tickets.

The Lottery communicates with the retailer network through a monthly Retailer Focus newsletter, network messages displayed on gaming terminals, the retailer website, and Lottery Sales Representatives working in the field.

1.1.12 Historical Media Expenditures

The following presents approximate media expenditures for the Lottery during the last four (4) fiscal years.

CHANNEL	FY2015 \$	FY2016 \$	FY2017 \$	FY2018 \$
Television (TV)	5,275,000	5,285,000	5,904,000	5,958,500
Radio	4,448,000	4,404,000	4,256,500	5,022,500
Out-of-Home (OOH)	2,596,500	3,197,000	2,981,000	2,942,500
Print	7,060	368,500	352,000	330,000
Online	940,750	1,691,750	1,546,250	1,697,000
TOTALS	13,267,310	14,946,250	15,039,750	15,950,500

1.1.13 Competition

The Lottery competes for customers' entertainment dollars. Major competitors include the government-operated lotteries in the bordering States of Delaware, Pennsylvania, and New York (although the Lottery cooperates with all three (3) bordering States in the Multi-State Mega Millions and Powerball games).

1.1.14 Product Overview

1.1.14.1 Pick-3

Pick-3 was introduced in 1975. Pick-3 is the three-digit numbers game with drawings two (2) times per day, seven (7) days per week. Drawings for the Pick-3 winning numbers are televised and live streamed via social media for the evening draw, while the midday draw is exclusively live streamed via social media. There is no drawing on Christmas Day. The cost per play is 50 cents, and the game can be played in a variety of ways.

For rules, how to play, odds and prizes, visit NJLottery.com/Pick3.

Pick-3 Sales

A nine-year review of Pick-3 shows total sales of \$3,927,988,154. In FY2017, Pick-3 sales accounted for 13.5% of all Lottery sales.

Pick-3		
<u>Fiscal Year</u>	<u>Total</u>	<u>YOY % Change</u>
2009	\$ 448,174,837	
2010	\$ 435,271,947	-2.9%
2011	\$ 435,314,038	0.0%
2012	\$ 431,483,145	-0.9%
2013	\$ 434,042,304	0.6%
2014	\$ 436,742,690	0.6%
2015	\$ 437,774,537	0.2%
2016	\$ 439,627,708	0.4%
2017	\$ 429,556,948	-2.3%

1.1.14.2 Pick-4

Pick-4 was introduced in 1977. Pick-4 is the four-digit numbers game with drawings two (2) times per day, seven (7) days per week. Drawings of the Pick-4 winning numbers are televised and live streamed via social media for the evening draw, while the midday draw is exclusively live streamed via social media. There is no drawing on Christmas Day. The cost per play is 50 cents and the game can be played a variety of ways.

For rules, how to play, odds and prizes, visit NJLottery.com/Pick4.

Pick-4 Sales

A nine-year review of Pick-4 shows total sales of \$2,404,583,103. In FY2017, Pick-4 accounted for 8.6% of all Lottery sales.

Pick-4		
<u>Fiscal Year</u>	<u>Total</u>	<u>YOY % Change</u>
2009	\$265,453,675	
2010	\$264,132,894	-0.5%

2011	\$258,279,303	-2.2%
2012	\$261,758,786	1.3%
2013	\$266,142,981	1.7%
2014	\$268,396,396	0.8%
2015	\$271,765,815	1.3%
2016	\$275,200,494	1.3%
2017	\$273,452,759	-0.6%

1.1.14.3 Jersey Cash 5

Jersey Cash 5 was introduced in 1992 with one (1) five-digit winning number drawing per week. Additional drawings have been added over the years; since 2001, Jersey Cash 5 drawings have been held seven (7) days per week, with the exception of Christmas Day. Over the years, the matrix and prize structure have been changed; since 2014, Jersey Cash 5 has used a 5 of 43 matrix and a rollover prize structure, (i.e., if the top prize is not won in a daily drawing, the jackpot rolls over and is added to the next day's top prize.)

For rules, how to play, odds and prizes, visit NJLottery.com/JerseyCash5.

Jersey Cash 5 Sales

A nine-year review of Jersey Cash 5 shows total sales of \$1,329,254,450. In FY2017 Jersey Cash 5 sales accounted for 5.2% of all Lottery sales.

Jersey Cash 5

<u>Fiscal Year</u>	<u>Total</u>	<u>YOY % Change</u>
2009	\$138,973,214	
2010	\$143,977,454	3.6%
2011	\$146,364,005	1.7%
2012	\$142,219,274	-2.8%
2013	\$144,392,456	1.5%
2014	\$148,226,709	2.7%
2015	\$148,424,382	0.1%
2016	\$151,636,143	2.2%
2017	\$165,040,813	8.8%

1.1.14.4 Pick-6

Pick-6 was introduced in 1980 and has undergone several changes over the years, arriving at its present format in 2000. A player must select any six (6) numbers from 01 to 49 or can ask for a Quick Pick and let the gaming terminal randomly select six (6) numbers. Drawings are held twice a week on Monday and Thursday, with the exception of Christmas Day; the price is \$1 for each selection of six (6) numbers.

For rules, how to play, odds and prizes, visit NJLottery.com/Pick6.

Pick-6 Sales

A nine-year review of Pick-6 shows total sales of \$632,323,949. Sales of lotto games are dependent on jackpot amounts. Without large jackpots, sales remain flat or decline. Since the introduction of the Multi-State jackpot games Mega Millions and Powerball, sales of Pick-6 have followed a downward trend. In FY2017, Pick-6 accounted for 1.6% of all Lottery sales.

Pick 6		
<u>Fiscal Year</u>	<u>Total</u>	<u>YOY % Change</u>
2009	\$90,169,336	
2010	\$81,916,339	-9.2%
2011	\$68,530,737	-16.3%
2012	\$84,161,564	22.8%
2013	\$65,323,206	-22.4%
2014	\$77,529,761	18.7%
2015	\$57,613,947	-25.7%
2016	\$54,632,415	-5.2%
2017	\$52,446,644	-4.0%

1.1.14.5 Mega Millions

New Jersey's first Multi-State lottery game began as The Big Game in 1999, when it was introduced in cooperation with the State lotteries of Georgia, Illinois, Maryland, Massachusetts, Michigan, and Virginia. In 2002, New York and Ohio joined the group and the name was changed to Mega Millions. The State of Washington joined in 2002, and California was added in 2005. In 2010, State Lotteries agreed to permit cross-sales of Mega Millions and Powerball nationwide. Mega Millions is played in 45 jurisdictions: 43 States, plus the District of Columbia and the U.S. Virgin Islands. The price of a Mega Millions play was increased to \$2 in October 2017, in conjunction with a matrix change. The starting jackpot was also increased to \$40 million. A player must select five (5) numbers from 01 to 70, plus one (1) Mega Ball number from 01 to 25.

For rules, how to play, odds and prizes, visit NJLottery.com/MegaMillions.

Mega Millions Sales

A nine-year review of Mega Millions shows total sales of \$1,843,519,235. Sales for Multi-State lotto games are heavily dependent on jackpot amounts. Without large jackpots, sales remain flat or decrease. In FY2017, Mega Millions accounted for 4.3% of all Lottery sales.

Mega Millions		
<u>Fiscal Year</u>	<u>Total</u>	<u>YOY % Change</u>
2009	\$282,504,403	
2010	\$307,096,483	8.7%
2011	\$230,633,522	-24.9%
2012	\$238,194,873	3.3%
2013	\$136,832,941	-42.6%
2014	\$205,860,905	50.4%

2015	\$162,460,731	-21.1%
2016	\$144,424,092	-11.1%
2017	\$135,511,285	-6.2%

1.1.14.6 Powerball

Sales of tickets for the Multi-State Powerball game began in New Jersey in 2010. Powerball is operated by the Multi-State Lottery Association (MUSL), which has 34 members, and by agreement permits New Jersey and other non-member State lotteries to sell Powerball tickets. Powerball is played in 45 jurisdictions: 43 States, plus the District of Columbia and the U.S. Virgin Islands. The price of each Powerball play is \$2. A player must select five (5) numbers from 01 to 69, plus one (1) Powerball number from 01 to 26.

For rules, how to play, odds and prizes, visit NJLottery.com/Powerball.

Powerball Sales

An eight-year review of Powerball shows total sales of \$1,586,843,912. Sales for Multi-State lotto games are heavily dependent on jackpot amounts. Without large jackpots, sales remain flat or decrease. On January 13, 2016 Powerball produced the largest jackpot in American history, \$1.6 billion, reached after 19 rollovers. Three (3) tickets shared the jackpot, one (1) each in Florida, Tennessee and California. In FY2017, Powerball accounted for 6.7% of all Lottery sales.

Powerball		
<u>Fiscal Year</u>	<u>Total</u>	<u>YOY % Change</u>
2010	\$71,215,958	
2011	\$132,782,891	86.5%
2012	\$183,892,771	38.5%
2013	\$300,381,206	63.3%
2014	\$233,653,931	-22.2%
2015	\$165,435,126	-29.2%
2016	\$286,003,472	72.9%
2017	\$213,478,557	-25.4%

1.1.14.7 CASH4LIFE

The CASH4LIFE game began in June 2014, when it was introduced in cooperation with the New York Lottery. Subsequent State lotteries joined the game, and CASH4LIFE is now made up of nine (9) State lotteries that also include Maryland, Pennsylvania, Florida, Indiana, Tennessee, Virginia and Georgia. Drawings are hosted by the Lottery and are held on Mondays and Thursdays at 9pm. Each CASH4LIFE game costs \$2 per play. Players pick five (5) numbers from 01 through 60, plus one (1) Cash Ball number from the second field of numbers from 01 through 04.

Matching all five (5) numbers in the main field plus the Cash Ball wins the equivalent of \$1,000 a Day for Life, or \$7,000,000 cash, at the winner's option. Second prize wins the equivalent of \$1,000 a Week for Life, or \$1,000,000 cash.

For rules, how to play, odds and prizes, visit NJLottery.com/CASH4LIFE.

CASH4LIFE Sales

Since inception a review of the CASH4LIFE game shows total sales of \$162,856,134. In FY2017, CASH4LIFE accounted for 1.3% of all sales.

Cash4Life		
<u>Fiscal Year</u>	<u>Total</u>	<u>YOY % Change</u>
2014	\$4,727,306	
2015	\$71,417,890	1410.8%
2016	\$45,760,158	-35.9%
2017	\$40,950,780	-10.5%

1.1.14.8 Fast Play Progressive

The game was originally introduced as Fast Play in August 2015 with a series of games that offered quick play styles and printed on-demand from the gaming terminal. Initially, there were a combination of games ranging from \$1 to \$5. Additional games and price points were added later with up to 25 different games being offered simultaneously with tickets priced up to \$10.

In June 2018, the product category was reduced to 12 games, all of which contribute to a single progressive jackpot. The progressive jackpot starts at \$10,000 with top prizes for each game being a proportional share of the current jackpot:

- \$10 Fast Play Progressive tickets win 100% of the Jackpot.
- \$5 Fast Play Progressive tickets win 50% of the Jackpot.
- \$3 Fast Play Progressive tickets win 30% of the Jackpot.
- \$2 Fast Play Progressive tickets win 20% of the Jackpot.
- \$1 Fast Play Progressive tickets win 10% of the Jackpot.

For specific games, rules, how to play, odds and prizes, visit NJLottery.com/FastPlay.

Fast Play Progressive Sales

Since inception Fast Play shows total sales of \$75,293,103. In FY2017 Fast Play accounted for 0.8% of all Lottery sales.

Fast Play		
<u>Fiscal Year</u>	<u>Total</u>	<u>YOY \$ Change</u>
2016	\$ 48,388,770	
2017	\$ 26,904,333	-44.4%

1.1.14.9 5 Card Cash

Introduced in May 2016, 5 Card Cash gives a player two (2) chances to win with Win Now and Win Tonight. 5 Card Cash drawings are held daily at approximately 7:57 pm, with the exclusion of Christmas Day. Each Hand is quick pick only, costs \$2.00 to play, and includes both ways to win. No poker skills are required to play 5 Card Cash.

For rules, how to play, odds and prizes, visit NJLottery.com/5CardCash.

Since inception 5 Card Cash shows total sales of \$13,577,313. In FY2017 5 Card Cash accounted for 0.3% of all Lottery sales.

5 Card Cash

<u>Fiscal Year</u>	<u>Total</u>	<u>YOY % Change</u>
2016	\$3,064,919	
2017	\$10,512,394	243.0%

1.1.14.10 Scratch-Offs (Instant Games)

Scratch-Offs is a game category featuring tickets with a pliable, opaque protective coating that completely covers the playing surface and play characters that must be “scratched off” to reveal a play area that shows whether the ticket is a winner. Lottery Scratch-Offs were first introduced in 1975 at a \$1 price point with a 50% prize payout. Initially, only one (1) game at a time was available for sale, and only three (3) to four (4) games were introduced annually. Over the years, Scratch-Offs game offerings have increased to include multiple games, a variety of price points, and higher payouts.

Currently, the Lottery introduces approximately 42 new Scratch-Offs annually (three (3) to four (4) new games launched on the first Monday of every month) and maintains eight (8) to 10 core games resulting in 30 or more games on sale simultaneously. Limited-run games are produced in limited quantities with a projected sell through rate. Core games remain on sale indefinitely and include Loose Change® (\$1), Win for Life (\$3), Loteria® (\$3), Crossword (\$3), Super Crossword (\$5), \$250,000 Crossword (\$10), Mega Crossword (\$20), Big Money Spectacular (\$2), \$150 Million Spectacular (\$10) and Dazzling Diamond Spectacular (\$20). Prize payouts range from 60% to 72%.

Throughout each year a variety of \$1, \$2, \$3, \$5, \$10, \$20, \$25, and \$30 games are introduced with varying themes, prizes, and play formats. The variety of themes also includes licensed brands with merchandise and travel prizes. Some Scratch-Offs include added value opportunities such as second chance drawings for more prizes.

Scratch-Offs offer unique opportunities in that they continually change and are responsive to market needs, thereby maintaining player interest. Scratch-Offs are the most versatile Lottery product and can be quickly changed and distributed to meet specific market opportunities.

For specific games, rules, how to play, odds and prizes, visit NJLottery.com/ScratchOffs.

Scratch-Offs Sales

Scratch-Offs produce more sales than all other Lottery games combined. In FY2017, Scratch-Offs accounted for 59% of all Lottery sales.

Instant Games

<u>Fiscal Year</u>	<u>Total</u>	<u>YOY % Change</u>
2009	\$1,270,533,859	
2010	\$1,301,493,067	2.4%
2011	\$1,364,543,070	4.8%
2012	\$1,417,664,313	3.9%
2013	\$1,474,285,065	4.0%
2014	\$1,531,771,568	3.9%
2015	\$1,709,143,246	11.6%
2016	\$1,872,915,471	9.6%
2017	\$1,887,940,043	0.8%

1.1.14.11 Quick Draw

Introduced in July 2017 Quick Draw is a Keno-style game with drawings held every five (5) minutes. Quick Draw gives a player a chance to win up to \$100,000 with a \$1 play, over 200 times a day. Players pick up to 10 numbers from the field of 01 through 80. On October 1, 2018 an add-on feature was introduced, whereby a player can now add BULLSEYE to his or her wager for bigger prizes and more chances to win. In February 2019 the drawing frequency increased to every four (4) minutes.

Quick Draw is available at all Lottery retailer locations and can be played at select social space locations, i.e., bars and restaurants.

For rules, how to play, odds and prizes, visit NJLottery.com/QuickDraw.

1.1.14.12 Million Dollar Replay

The Million Dollar Replay program was introduced in 2011 and offers players a second chance to win up to \$1,000,000 with eligible non-winning Scratch-Offs tickets. To participate in the program, players are required to enter their non-winning Scratch-Offs tickets online at the Lottery VIP Club website or via the official Lottery mobile app. For every \$10 in qualifying tickets submitted through the entry page on the Lottery's VIP Club website or the official Lottery mobile app, a player will earn one (1) entry into the next Semi-Finalist drawing to be eligible to be selected as a finalist in a Grand Prize drawing. Players must be a registered member of the Lottery's VIP Club to participate. For each promotional period there will be four (4) Semi-Finalist drawings and one (1) Grand Prize drawing. Each Semi-Finalist drawing will select 100 entries, who will each win a \$250.00 prize and be entered into the Grand Prize drawing. The Grand Prize drawing will award 15 prizes ranging from \$10,000 up to \$1,000,000.

For rules and prizes, visit NJLottery.com/MDR.

1.1.14.13 Collect 'N Win

Collect 'N Win is a second chance program for Draw Games introduced in July 2016. Players can enter their \$1+, non-canceled Draw Game tickets for a chance to win up to \$50,000 in monthly drawings.

Players will scan or enter their Draw Game tickets through the Collect 'N Win app or at NJCollectAndWin.com. For every \$1 of the Draw Game ticket, the player will receive one (1) symbol. Players collect symbols to build cards. Six (6) unique symbols are needed to complete a card. Once a card is completed, it qualifies as an entry into the next drawing.

To start collecting symbols, players must first register with their contact information in the Collect 'N Win app or at NJCollectAndWin.com. Once registered, players can log into their account at any time using a smartphone, tablet, or computer and their game cards, symbols, and entry history will appear.

There are monthly Collect 'N Win drawings, of which, each awards 25 \$500 prizes and one (1) Grand Prize of \$50,000. All valid entries collected from the first day of the month to the last will be entered into that month's drawing. Entries collected after 11:59 PM on the last day of the month will be entered into the next month's drawing.

For rules and prizes, visit NJCollectandWin.com.

1.1.15 Marketing Communications Program

The Marketing Communications program generally includes:

- Building consumer equity in the Lottery brand and positioning the brand within the competitive environment.
- Generating consumer awareness and driving trial of new games, game add-ons, game modifications, and promotions with paid advertising, retail point of sale and communication on a variety of “owned channels”.
- Engaging fans of the Lottery on a variety of social media platforms.
- Providing winner awareness and news conference support, introducing jackpot winners to the public.
- Supporting the launch of new games, game add-ons, game modifications and sales promotions with advertising and informational announcements directed to retailers, the news media, and the public.
- Promotional participation at fairs, festivals, and other public events throughout the State.
- Daily releases of winning numbers and identification of winners.
- Production and design of the Lottery’s Annual Report and Responsible Gaming information, and retailer newsletters, *Retailer Focus* (monthly) and *Rapid Review* (bi-monthly), which are distributed to Lottery retailers.
- Promotional events at retailer locations.

1.1.15.1 Where the Money Goes

The Where the Money Goes program provides information about the financial support the Lottery generates for the State, in the form of dedicated pages on the Lottery’s website, and other activities, including visits by the Lottery Public Information Officer to community organizations throughout the State. The intent of the

Where the Money Goes program is to educate the public on how Lottery revenue is allocated annually, and the programs that benefit from the nearly one billion dollars annually that is returned to the State.

1.1.15.2 Responsible Gaming

The Lottery is deeply committed to Responsible Gaming. Players are encouraged to enjoy the fun and entertaining aspects of Lottery play, but to set limits and play responsibly. The Lottery Marketing and Advertising Code of Conduct is strictly adhered to, with all forms of advertising, ticket messaging, point of sale and social media content vetted for appropriateness and policy compliance. The Lottery, through the State of New Jersey's General Fund, provides financial support to the Council on Compulsive Gambling of New Jersey ("Council") and participates in the Council's programs of consumer education regarding the risks of problem gambling and the services available to help individuals with gambling problems. All Lottery marketing and advertising materials include the Lottery's "Not 18 Yet? No Bet" logo and the messages, "Must be 18 or older to buy a lottery ticket. Please play responsibly. If you or someone you know has a gambling problem, call 1-800-GAMBLER® [the Council's hotline number for treatment referrals]."

1.1.15.3 Behind the Ball

The Lottery produces a video series called Behind the Ball that offers an inside look at the operations of the Lottery. Episodes are released as often as once each month on YouTube, Facebook, the Lottery website, and other outlets. Subcontractor(s) may be required to provide limited support of these episodes of Behind the Ball or similar series.

1.1.16 Advertising Guidelines, Goals, and Objectives

1.1.16.1 Advertising Guidelines

Games and advertising must reflect the policies in the Lottery's Marketing Code of Conduct, including but not limited to:

- Clearly identifies the Lottery as the New Jersey Lottery.
- Does not seek to attract persons less than 18 years old, and where possible and appropriate, clearly contains the following language: "Must be 18 or older to play. Please play responsibly."
- Is dignified, clear, correct, legal, truthful, respectful, inclusive and conveys the utmost integrity consistent with the State's principles.
- Maintains respect for the individual without degrading persons based on gender, sexual preference, age, race, religion, military status, socioeconomics or other protected status.
- Reflects the diversity of the New Jersey population.
- Does not promote Lottery as an alternative to employment or investment, as a guaranteed or likely way to financial security, or as a means of relieving personal financial difficulties.
- Does not contain false promises or present winning as the probable outcome and do not imply that Lottery games are games of skill.
- Does not portray product abuse, excessive play, preoccupation with gambling or any illegal activity.

All advertising will include the following information:

Must be 18 or older to buy a lottery ticket. Please play responsibly. If you or someone you know has a gambling problem, call 1-800-GAMBLER®.

1.1.16.2 Advertising Goals

The goals of Lottery advertising, marketing communications, and public information programs are to:

- Raise awareness and stimulate sales of Lottery tickets.
- Reinforce and enhance the image of the Lottery as a fun and entertaining funding source for the State, benefiting the people of New Jersey.

1.1.16.3 Advertising Objectives

Lottery advertising objectives include:

- Positioning the Lottery as a fun entertainment option that is uniquely relevant to life in New Jersey and delivering the brand promise – **Anything** can happen in Jersey.
- Increasing awareness and sales of existing and new Lottery games, and differentiating games based on player insights and individual game attributes and benefits.
- Creating awareness of all key Lottery programs, promotions and initiatives among all Lottery players.
- Increasing brand engagement among regular Lottery players, as well as among light, lapsed and potential new players.
- Increasing awareness of Lottery winners (and winnings) – with extra attention on top-tier prize winners – for all games.

Responsible Gaming Communication Objectives:

- Communicating responsible play messages designed to discourage compulsive gambling and reinforce the prohibition against underage gambling while maintaining a positive image and relationship with the Council.
 - “Must be 18 or older to buy a lottery ticket. Please play responsibly. If you or someone you know has a gambling problem, call 1-800-GAMBLER®.”

1.1.17 Media Objectives

Lottery Media objectives include:

- Optimizing message reach and frequency among the target audience within available budgets for all advertising campaigns.
- Improving the effectiveness of the overall media budget by leveraging partners and sponsors to provide greater media reach and other promotional opportunities.
- Developing and sharing insights into any and all emerging media channels.

1.1.18 Intended Audience

The intended audience for the Lottery differs for each game but is broadly defined as including adults 18 years of age or older who are living, working, or visiting New Jersey, and who will play Lottery responsibly.

1.2 Intent of Request for Proposals

General: Northstar's intention in issuing this RFP is to receive proposals, including pricing, from a number of potential Bidders in the areas of: (1) Creative and Coordinating Advertising Services and (2) Media Planning and Buying Services as described in this RFP. Northstar requests that all Bidders carefully examine the specific requirements detailed in this RFP and prepare their proposals pursuant to the provisions of this RFP.

Following notification of intent to award, Northstar intends to enter into a Subcontract or Subcontracts with the Successful Bidder(s), which will then become Northstar Subcontractor(s). The required form of Subcontract is included in **Exhibit E**.

The Opportunity: Northstar seeks:

An Advertising Agency Subcontractor capable of providing Creative and Coordinating Advertising Services, including account management, TV, digital, social media, radio, print, OOH, experiential marketing, and multi-cultural marketing.

An Advertising Agency Subcontractor capable of providing Media Planning and Buying Services, including account management, econometric, media mix, and ROI modeling, TV, digital, radio, print, OOH, sponsorship marketing, and multi-cultural marketing.

Any Bidder responding to this RFP may submit a Proposal to provide services in one (1) or both of the areas in which services are sought. Depending on the Proposals received and the evaluation thereof, Northstar will decide whether to award Subcontracts to two (2) separate Bidders, or to award a Subcontract to a single Bidder to provide services in both areas.

Bidder Qualifications: Northstar seeks Proposals from Bidders that, at a minimum, each possess the following qualifications, in addition to the other requirements set forth in this RFP:

- Is registered to do business in New Jersey or willing to register to do business in New Jersey at the time a Subcontract(s) is awarded.
- Is an established advertising agency in operation for at least five (5) years.
- If submitting a Proposal for Creative and Coordinating Advertising Services, has had total annual advertising billings of at least \$20 million in either of the past two (2) years.
- If submitting a Proposal for Media Planning and Buying Services, has had total annual media buying billings of at least \$20 million in either of the past two (2) years.
- Has had a minimum of five (5) clients for each of the past three (3) years.
- Has service capabilities as demonstrated by the Case Histories required by Section 2.1 of this RFP. As set forth in Section 2.1, one (1) case history must be for a retail product and another of the Bidder's choice, with as much quantitative proof of performance as possible.
- Has provided seamless integration of traditional, digital and retail signage capabilities to one (1) or more clients.

- Has prior experience with big box retailers, fast-moving consumer products sold in convenience stores, liquor stores, and supermarkets or prior experience with clients in lottery, gaming, or entertainment industries.
- Has the ability to provide high level account service and technical support in both regular in-person and virtual interactions, reporting to Northstar’s Senior Director of Marketing.

1.3 Scope of Services

The successful Bidder(s) will provide the following services, without limitation:

- Creative and Coordinating Advertising services that address all of the needs specified in Section 1.2. See also Section 2.2.7 for Scope of Work to be addressed in each Proposal for competitive evaluation.
- Media Planning and Buying Services that address all of the needs specified in Section 1.2. See also Section 2.2.8 for Scope of Work to be addressed in each Proposal for competitive evaluation.

1.4 Process and Timetable

The following dates are set forth for informational and planning purposes only. Northstar reserves the right during this procurement to change any of the following dates for any reason. If any change is made, Northstar will announce the change by email correspondence to the point of contact listed in each Bidder’s Proposal as well as on the procurement tab of Northstar’s website at:

NorthstarNewJerseyLottery.com/procurement.html.

RFP Schedule	DATE
RFP Release	February 4, 2019
Bidder Questions due by 5:00 PM ET	February 20, 2019
Answers to Bidder Questions Release	March 11, 2019
Completed Agency Fact Sheets due by 5:00 PM ET	March 25, 2019
Finalists Notified	April 17, 2019
Bidder Proposals due by 5:00 PM ET	May 1, 2019
Finalist Presentations	Week of May 13, 2019
Notice of Intent of Subcontract Award(s)	On or about June 14, 2019

1.5 Contact Information

The following designated contact should be used for all questions related to this RFP and for submission of Agency Fact Sheets, case histories, and Proposals in response to this RFP.

RFP POINT OF CONTACT	
Name	Vince Smart
Title	Senior Director of Marketing
Department	Marketing
Address for Delivery of Proposals	Northstar New Jersey Lottery Group, LLC 1333 Brunswick Avenue, Suite 400 Trenton, New Jersey 08648
Email Address	nsnjprocurements@nsnj.com

All questions must be in writing and emailed to nsnjprocurements@nsnj.com. All Proposals must be submitted in person to the Address for Delivery of Proposals listed above.

1.6 Amendments to RFP

If it becomes necessary to revise any part of this RFP, Northstar will announce the amendment(s) by email correspondence to the point of contact listed in each Bidder's Proposal as well as on the procurement tab of Northstar's website at: NorthstarNewJerseyLottery.com/procurement.html.

1.7 Right to Reject Proposals

Issuance of this RFP in no way constitutes a commitment by Northstar to award a Subcontract(s). Northstar reserves the right to reject any or all Proposals or portions of Proposals received in response to this RFP, to request modification or clarification of any part of a Proposal, or to cancel this RFP if Northstar determines in its discretion it is in the best interest of the Lottery or Northstar to do so. Northstar may reject any Proposal if it is considered incomplete or conditional, contains deviations or exceptions, or otherwise does not meet qualifications, requirements or specifications as determined by Northstar in its sole discretion.

Failure to furnish all information or to follow the Proposal format required by this RFP may disqualify a Proposal. Northstar may waive any nonmaterial deviation or exception in a Proposal. A Northstar waiver of any nonmaterial deviation or exception shall in no way modify the RFP requirements or excuse a successful Bidder from full compliance with Subcontract requirements.

In the event that all Bidders do not meet one (1) or more of the mandatory requirements or specifications, Northstar reserves the right to continue the evaluation of the Proposals and to select the Proposal that most closely meets the requirements or specifications of this RFP.

If at any time prior to the signing of a Subcontract(s), Northstar determines in its discretion that any Bidder does not possess adequate technical or financial ability or the appropriate reputation to carry out the obligations of working on behalf of Northstar and the Lottery under a Subcontract, that Bidder may be disqualified from further consideration.

1.8 Ownership of Proposals

Proposals and any other materials submitted by a Bidder in response to this RFP will become the exclusive property of Northstar upon receipt and will not be returned. Under the Services Agreement, Northstar may be required to furnish, among other things, certain information with respect to this RFP, Proposals submitted in response to this RFP, and any Subcontracts awarded in connection with this RFP to the Lottery upon request.

1.9 Proposal Tenure

Each Proposal must be valid for a period of 120 days following the date of submission.

1.10 No Liability for Proposal Costs

Neither Northstar, the State of New Jersey nor the Lottery shall be liable for any costs or fees incurred by a Bidder in responding to this RFP.

1.11 Proposal Disclosure Prohibition

Disclosure of Proposal contents by a Bidder to any third party prior to the award of a Subcontract(s) in this procurement may result in disqualification of that Bidder.

1.12 Lottery Vendors' Code of Ethics

The procurement process and Subcontract(s) described in this RFP are subject to the Lottery Vendors' Code of Ethics, Subchapter 8 of the Rules of the New Jersey Lottery Commission (N.J.A.C. 17:20-8.1):

- (a) No Lottery vendor shall employ any person or maintain any business relationship with any person who is a Lottery Commissioner, officer or employee or his or her immediate family or with any person, firm or entity with which he or she is employed or associated or in which he or she has an interest within the meaning of the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D- 13g). As used in this Section, Lottery vendor means any person, firm or corporation, or Lottery retailer engaging or seeking to engage in business with the Division of the State Lottery.
- (b) The maintenance of a business relationship shall be deemed to include, but not be limited to, any interest, financial or otherwise, direct or indirect, any business transaction or professional activity involving a Commissioner, officer or employee, including the sale of any interest in the vendor.
- (c) No Lottery vendor shall cause or influence, or attempt to cause or influence, any Lottery Commissioner, officer or employee to act in his or her official capacity in any manner which might tend to impair the objectivity or independence of judgment of said Lottery Commissioner, officer or employee.
- (d) No Lottery vendor shall cause or influence, or attempt to cause or influence, any Lottery Commissioner, officer or employee to use, or attempt to use, his or her official position to secure unwarranted privileges or advantages for the Lottery vendor or for any other person.

- (e) No Lottery vendor shall pay, offer to pay, or agree to pay, either directly or indirectly, to any Lottery Commissioner, officer or employee or to any member of the immediate family, as defined by the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-13i), of any such person, or any partnership, firm, or corporation with which such person is employed or associated, or in which such person has an interest within the meaning of New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-13g), any fee, commission, compensation, gift, favor, service or other thing of value under circumstances from which it might be reasonably inferred that such gift, service or other thing of value was given or offered for the purpose of influencing the recipient in the discharge of his or her official duties. The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any commissioner, officer or employee from any State vendor shall be reported in writing forthwith by the vendor to the Attorney General and the State Ethics Commission.
- (f) No Lottery vendor shall, without the written approval of the Director, disclose, directly or indirectly, any information not generally or legally available to the public concerning the affairs of the Division.
- (g) This code is intended to augment and not replace existing administrative orders and pertinent codes of ethics.

1.13 Approval and Investigation of Subcontractor(s)

Before finalizing a Subcontract(s) award, Northstar reserves the right for itself, the State of New Jersey and the Lottery to undertake a due diligence review, for probity purposes, of each Bidder's officers and all employees that may provide services in connection with a Subcontract(s) awarded pursuant to this RFP. Accordingly, each finalist must complete the Background Investigation Authorization and Security Form included in **Exhibit D** for each of its officers and all employees that may provide services in connection with a Subcontract(s) awarded pursuant to this RFP to initiate the probity approval process. The completed forms should be sent to the RFP Point of Contact identified in Section 1.5 as soon as possible (and prior to submission of a Bidder's Proposal in Phase 2 of the evaluation process) to ensure timely approval in the event the finalist is selected as a Subcontractor to provide any of the services required by this RFP. A finalist shall have a continuing obligation from the submission of its **Exhibit D** through conclusion of the Procurement and then continually thereafter if awarded a Subcontract(s) to inform Northstar by written statement within 15 days of any changes to its officers and the employees intended to provide or providing services in connection with the RFP and/or the awarded Subcontract(s), and to provide to Northstar a completed **Exhibit D** for such officers and employees so that the probity of those individuals may be reviewed by Northstar, the State of New Jersey and/or the Lottery. Additional information and/or forms beyond that set forth in **Exhibit D** may be required at any time by Northstar, the State of New Jersey and/or the Lottery to be provided by each finalist or Subcontractor(s) to verify the probity and/or continued probity of each finalist and/or Subcontractor(s).

1.1.13.1 Conditions

By submitting a Proposal, Bidder grants Northstar the right to obtain any information, from any source, at any time regarding: (1) the past history, practices, conduct, reputation, and ability of Bidder to perform the services and otherwise to fulfill the requirements of this RFP, and (2) the past history, practices, conduct, reputation, and ability of any owner, director, officer, or key employee of Bidder.

By submitting a Proposal, Bidder generally releases Northstar from any and all liability with regard to any and all efforts undertaken by Northstar in obtaining information from any source regarding Bidder, and Bidder waives all claims against any party providing information about Bidder at the request of Northstar. Such information may be taken into consideration in evaluating Proposals.

By submitting a Proposal, Bidder further acknowledges and agrees that: (1) it shall cooperate in any due diligence review or other inquiry conducted by Northstar, the State of New Jersey, the Lottery or any appropriate government agency on behalf of the Lottery or in connection with the procurement, with respect to the Bidder and its owners, directors, officers, and employees; and that (2) if it is the successful Bidder, any Subcontract(s) entered into with Northstar shall be subject to the satisfactory results, as determined by Northstar, the State of New Jersey and/or the Lottery, of a background investigation of Bidder and its officers and employees that may provide services in connection with the Subcontract(s) awarded pursuant to this RFP.

1.14 State Requirements

The services provided in connection with a Subcontract(s) awarded pursuant to this RFP are for the benefit of the Lottery. Certain provisions from the Services Agreement, including among other things, provisions relating to termination, personnel requirements, the State of New Jersey's intellectual property rights, audit rights, privacy and data safeguards, confidentiality, representations and warranties, certifications, indemnification obligations and insurance will be included in the Subcontract(s) (see **Exhibit E**) to ensure that such provisions are materially consistent with the relevant provisions of the Services Agreement.

Part 2. Requirements

In order to be considered for a Subcontract(s) award, each Bidder must comply with the following requirements.

2.1 Submission Requirements

2.1.1 Phase 1 – Submission of Qualifications

To be eligible to participate in the competition for a Subcontract(s) award, each Bidder must first submit a completed Agency Fact Sheet in the form attached as **Exhibit A** to this RFP, including case histories that demonstrate a Bidder's capabilities. Each Agency Fact Sheet must also include a signed Non-Disclosure Agreement in the form attached as **Exhibit B** to this RFP. One (1) case history must be for a retail product and another of the Bidder's choice, with as much quantitative proof of performance as possible. Case histories may be in whatever format(s) best demonstrate(s) Bidder's capabilities. One (1) original and five (5) paper copies of each completed Agency Fact Sheet and one (1) original and five (5) USB flash drives containing a PDF version (or other suitable format) of the Agency Fact Sheet and the case histories must be submitted. Northstar will evaluate and score the Agency Fact Sheets, including case histories. Each Bidder will then be ranked according to the assigned scores, and no more than five (5) finalists achieving the highest scores in each category of desired services may be invited to submit detailed Proposals for evaluation in Phase 2.

2.1.2 Phase 2 – Submission of Finalist Proposals

Each finalist Proposal must be submitted in two parts: (1) the Technical Proposal, and (2) the Cost Proposal. Parts (1) and (2) must be submitted at or before the time and date specified in Section 1.4 of this RFP. Each Proposal must be submitted in a sealed envelope or container, with the Cost Proposal under separate cover in a separate, sealed envelope or container. If multiple envelopes or containers for each part of the Proposal are used, the envelopes or containers must be numbered in the following fashion: 1 of 4, 2 of 4, etc.

Submit a signed original hard copy, five (5) paper copies, and five (5) USB flash drives containing a PDF version (or other suitable format) of the Technical Proposal, and a signed original hard copy, five (5) paper copies, and five (5) USB flash drives containing a PDF version (or other suitable format) of the Cost Proposal. **The Cost Proposal must be sealed separately from the Technical Proposal.**

2.2 Finalist Proposal Format

Each Proposal should provide a straightforward, concise description of a Bidder's ability to meet the requirements of this RFP. Proposals should not contain unsolicited, extraneous or duplicative information.

Proposals should be organized and presented in the order and by the Section numbers assigned in this RFP. Pagination of a Proposal should be consecutive, and the two (2) parts - the Technical Proposal and the Cost Proposal - must be separate as required by this RFP.

All RFP requirements and specifications are mandatory unless stated otherwise and any failure to respond thereto may be the basis for disqualification.

2.2.1 Technical Proposal Contents

The following documents and responses must be included in the Technical Proposal and tabbed as such:

2.2.2 Transmittal Letter (not to exceed one (1) single-sided, letter-sized (8.5" x 11") page)

An individual authorized to legally bind the Bidder must sign the transmittal letter. The person who signs the transmittal letter will be considered the contact person for all matters pertaining to the Proposal unless the Bidder designates another contact person in writing. The transmittal letter shall include the Bidder's legal company name, company address, telephone number, and email address.

The transmittal letter must affirm that the Bidder understands the work to be done and the commitment necessary to perform the work within the required time periods, and include a statement explaining why the Bidder believes it is best qualified to fulfill the requirements of the Subcontract(s). The transmittal letter must attest that all information in the Proposal is true and correct. The transmittal letter must state that the Proposal, including both the Technical Proposal and the Cost Proposal, is a firm and irrevocable offer that will remain valid for a period of not less than 120 days from the date of submission.

2.2.3 Confidential Material

Any request by a Bidder for confidential treatment of any portion of the Proposal should follow the transmittal letter. Under the Services Agreement, Northstar may be required to furnish, among other things, certain information with respect to this RFP, Proposals submitted in response to this RFP, and any Subcontract(s) awarded in connection with this RFP to the State of New Jersey and/or the Lottery.

Under the New Jersey Open Public Records Act ("OPRA"; N.J.S.A. 47:1A-1 et seq.), a Subcontract and other information furnished to the State of New Jersey and/or the Lottery may be subject to public disclosure. Any information in a Bidder's Proposal that a Bidder claims is confidential and should not be publicly disclosed must be clearly identified in the Proposal. Each page or relevant portion of a page containing such information must be clearly marked as "Confidential," and the Proposal must include an explanation of the specific grounds for exemption under OPRA (or any other law or rule that supports a request for confidential treatment). If a Bidder requests confidential treatment of a portion of a Proposal, the Bidder must submit with the Proposal an additional, redacted version of the Proposal with confidential information deleted. The redacted version of the Proposal must describe the general nature of the redacted material. Northstar will not honor any attempt by a Bidder to designate its entire Proposal as proprietary, confidential and/or to claim copyright protection for its entire Proposal.

2.2.4 Table of Contents

The Technical Proposal must include a table of contents. Each Technical Proposal must be page numbered sequentially from front to back.

2.2.5 Executive Summary

The Technical Proposal must include an Executive Summary providing an overview of the Technical Proposal. Neither the Executive Summary nor any other part of the Technical Proposal should discuss any pricing information contained in the Cost Proposal.

2.2.6 Description of Bidder's Organization, Experience, Capabilities

Each Bidder is required to demonstrate its experience, technical capability to perform the obligations of the Subcontract(s), financial means, and reputation to fulfill the obligations of the Subcontract(s). Additional information is invited; however, any presentation beyond that which is sufficient to present a complete and effective Proposal is not desired. Any such information or matter that arises or changes after submission of a Proposal, and with respect to the Subcontractor(s) after execution of Subcontract(s), must be disclosed within 15 days in a written statement to Northstar. Each Bidder must respond to all requirements in this Section including the following:

- Identify type of business entity (e.g., corporation, partnership, limited liability company, limited liability partnership, sole proprietorship).
- Identify the jurisdiction in which the business is organized (e.g., a Delaware corporation, a New Jersey limited liability company).
- Disclose number of years Bidder has been providing the types of services specified in this RFP.
- Disclose whether the Bidder is currently doing business with any agency of the State of New Jersey or if the Bidder is in the process of bidding on any work for the State of New Jersey.
- Describe any unique features of Bidder's business.
- Disclose Bidder's total number of employees.
- Disclose Bidder's net revenues for the last three (3) years.
- Disclose the number of clients served by the Bidder in each of the last three (3) years.
- Provide three (3) references, including for each the name of the entity and contact information for a person authorized to discuss with Northstar the entity's experience with the Bidder.
- Disclose whether any of the following have occurred in Bidder's experience during the last three (3) years and, if so, provide details as to each: (1) a contract was terminated before completion; (2) Bidder was assessed liquidated damages or other remedies or sanctions related to Bidder's performance on a contract; (3) Bidder has been involved as a defendant in any material civil or criminal litigation; (4) Bidder has been debarred by any government agency in any jurisdiction.
- Include statements that demonstrate that the Bidder understands the required services as specified in this RFP.

2.2.7 Creative and Coordinating Advertising Services

Each Proposal to provide Creative and Coordinating Advertising Services must address the following estimated Scope of Work. Note: This estimated Scope of Work is intended to allow each Bidder to respond to uniform requirements to enable Northstar to fairly compare and evaluate competing Proposals; it is not intended to completely describe all the requirements for the Creative and Coordinating Advertising Services Subcontractor throughout the term of the proposed Subcontract.

The Proposal must identify the employees who will be responsible for work on the Lottery account and include resumes or other descriptions of their qualifications. Information about those employees should include the percentage of their time that will be dedicated to the Lottery account. **Also describe any new or currently vacant positions the Bidder will need to fill in order to execute the proposed plan for the Lottery and the timeline for filling those positions.**

Estimated Scope of Work - July 1, 2019 through June 30, 2020 (For Bidding Purposes Only)

Account Management

- Ongoing client communication and account management.
- Daily client-agency discussions.
- “Lead agency” coordinator of weekly all-partner status meetings, including updates to agency status reports.
- Management of channel messaging strategy and corresponding calendar.
- Legal clearances and adherence to the Lottery Marketing Code of Conduct.
- Development of post-meeting conference reports.
- Management of talent usage agreements and payments.
- Trafficking of all creative and management of ISCI codes.
- Management of project budget, hours utilization, procurement, tracking reports, or other reports as requested.
- Ongoing vendor recommendations (e.g., directors for TV commercials) in accordance with established guidelines.
- Confirmation of all production specs and shipping information provided by vendors and marketing partners.
- Monthly review and analysis of competitive advertising creative.
- Consultation on potential Scratch-Offs and Draw Game themes during development process.
- Annual participation in the development of marketing plans.

Strategic and Creative Development

- Develop understanding of various research findings, consumer segmentation, and drivers of and barriers to play, to maintain a relevant brand platform and improve the vitality of the master brand.
- Assume responsibility for overall campaign development and creation of TV, radio, OOH, digital, and other related campaign assets.
- Provide continuous brand support that maintains and grows awareness and understanding of the Lottery while fundamentally increasing the impact and appeal of the brand.
- Supply assets and artwork to broadcast Draw stations for jackpot snipes.
- Provide creative support and updates for jackpot awareness TV and radio assets (as needed) that support trigger strategies when the Mega Millions or Powerball jackpots exceed a certain level.
- Develop ad executions to support four (4) to five (5) new Scratch-Offs introductions during the fiscal year as part of the ongoing Scratch-Offs Division ad campaign.
- Develop two (2) to three (3) Draw Game ad campaigns per fiscal year. In most cases, campaigns will be designed to introduce a new game, a game add-on, game modification or game refresh.
 - Support strategic development of product proposition and briefing of all marketing partners.
 - Design base creative per campaign.

- Potential for development of materials for specific promotions as required.
 - Assume production of five (5) to seven (7) TV commercials (:15s and/or :30s).
 - Up to 10 produced radio commercials (:30s) and scripted live radio reads (:10s and :15s).
 - Digital, custom and traditional OOH executions.
 - Creation of digital banner campaigns including rich media executions, native ads, page takeovers and others (may include coupon support).
 - Creation of custom social units (e.g., carousel ads, quizzes, snap filters, etc.).
- Provide creative for the Lottery’s 50th Anniversary celebration beginning December 2019. Creative work may include:
 - Logo development (building off the current Lottery logo).
 - Creative umbrella to support an overall 50th Anniversary campaign and any related product launches throughout the year, all integrated into the Lottery’s overall “**Anything** can happen in Jersey” positioning.
 - TV, radio, OOH, digital, and other related assets.
 - Sourcing, developing, and executing a Public Relations plan
 - Assist in the development of multi-cultural media including Spanish-language radio campaign and conversion of various OOH and digital elements.

2.2.8 Media Planning and Buying Services

Each Proposal to provide Media Planning and Buying Services must address the following estimated Scope of Work. Note: This estimated Scope of Work is intended to allow each Bidder to respond to uniform requirements to enable Northstar to fairly compare and evaluate competing Proposals; it is not intended to completely describe all the requirements for the Media Planning and Buying Services Subcontractor throughout the term of the proposed Subcontract.

The Proposal must identify the employees who will be responsible for work on the Lottery account and include resumes or other descriptions of their qualifications. Information about those employees should include the percentage of their time that will be dedicated to the Lottery account. **Also describe any new or currently vacant positions the Bidder will need to fill in order to execute the proposed plan for the Lottery and the timeline for filling those positions.**

Estimated Scope of Work - July 1, 2019 through June 30, 2020 (For Bidding Purposes Only)

Account Management

- Ongoing client communication and account management.
- Daily client-agency discussions and communication.
- Integration with “lead agency” team including weekly all-partner status meetings and update of joint status reports.
- Management of project budgets, procurement, tracking reports or other reports as requested.
- Presentation of strategy at partner meetings as needed, as well as assistance in preparing presentation materials.
- Participation in development of research questionnaires and results presentations, as well as coordination of research projects as necessary to better understand the player, product or environment.

- Annual participation in the development of marketing plans.

Media Planning and Execution

- Demonstrate a thorough understanding of the complexities related to New Jersey’s unique media landscape.
- Develop integrated, campaign-specific media plans utilizing cable, spot TV, radio, OOH, digital, social, and promotional elements.
- Maximize added-value opportunities that result from relationship-driven media buys.
- Develop and execute plans for a total annual media budget of \$14-18 million to cover the following:
 - Management and trafficking of jackpot awareness TV and radio trigger strategies when the Mega Millions or Powerball jackpot exceeds a certain level.
 - Analysis of sales as overlaid with jackpot amounts to develop most effective trigger level and strategy (currently \$150M trigger with \$400M cap due to intensity of media coverage).
 - Three (3) :15 TV spots tagged with appropriate jackpot amounts for Mega Millions.
 - Three (3) :15 TV spots tagged with appropriate jackpot amounts for Powerball.
 - Three (3) :15 and two (2) :10 radio live read scripts to support Mega Millions.
 - Three (3) :15 and three (3) :10 radio live read scripts to support Powerball.
 - Management of Statewide jackpot billboards.
 - Five (5) to seven (7) paid campaigns per fiscal year in support of game announcements.
 - Media mix and ROI modeling
 - Media mix to include TV, radio, OOH, digital, social and promotional tactics.
- Strategic media planning and buying in support of the Lottery’s 50th Anniversary celebration beginning December 2019.
- Manage the relationships with the Lottery’s live drawing TV station partners – currently WPIX in New York, NY and WPHL in Philadelphia, PA, including negotiating and maintaining minimum spend levels that allow a 90-second evening spot for the live Lottery drawings.

2.2.9 Financial Statements

Each Bidder must submit, as an attachment to the Technical Proposal, audited financial statements for the past three (3) fiscal years, regardless of the type or classification of business entity. A Proposal including unaudited financial statements must include an explanation as to why the statements were not audited.

2.3 Cost Proposal Contents

The Cost Proposal must contain the information and be in the format set forth in **Schedule 1**, “Cost Proposal” attached to this RFP.

For each Subcontract intended to be awarded, each Bidder must submit a Cost Proposal in a sealed envelope separate from the Technical Proposal. Failure to provide any requested price information in the prescribed format may result in disqualification of the Bidder’s Proposal. All prices submitted in response to this RFP must be firm, fixed and final and represent Bidder’s proposed prices to Northstar for the required Subcontract(s) services.

The objective of this portion of the evaluation process is to understand Bidder's anticipated staff plan and proposed compensation in order to facilitate an effective and consistent "agency-to-agency" evaluation. As a part of the process, each finalist agency will be required to complete the following:

1. A worksheet documenting the proposed staff plan and corresponding cost information. Use the format provided in **Schedule 1**. The staff plan should be based upon the scope of work description provided and utilizing an 1,800-hour year for each full-time employee. Please note that the scope of work is for comparative bidding purposes only and is not necessarily representative and should not be construed as the actual expectations for all projects during the term of the Subcontract(s).
2. Attach to **Schedule 1** any rate cards for internal print, broadcast, digital or other production services that a Bidder will utilize on behalf of the Lottery.

2.4 Deviations and Exceptions

Bidders are cautioned to avoid deviations or exceptions in their Proposals. By submitting a Proposal containing any deviation or exception, a Bidder assumes the risk that its Proposal will be disqualified. If a Bidder intends to deviate from or take exception to any requirement of the RFP, including the Terms and Conditions or Form Subcontract, any such deviations and exceptions must be clearly identified in Bidder's Proposal and the Proposal must include an explanation for each deviation or exception. Deviations and exceptions shall be noted in the format set forth in **Exhibit C**.

Part 3. Evaluation of Bidder Qualifications, Proposal Evaluation and Subcontract Award(s)

Northstar, through its evaluation committee, will evaluate all Agency Fact Sheets and finalist Proposals submitted in accordance with the provisions of this RFP for fulfillment of the requirements and specifications contained in the RFP.

Northstar reserves the right to independently request and obtain additional information concerning any business or personnel resource associated with or named in a Bidder's response to this RFP and to consider such information in evaluating Bidder's Proposal.

During the evaluation process, the evaluation committee will determine if there is any actual or apparent conflict of interest or potential security risk or concern about a Bidder's technical ability, financial ability, or reputation. In the event the evaluation committee has such a concern, Northstar may further review the Bidder's background before deciding whether to make a Subcontract(s) award.

3.1 Phase 1 Evaluation Criteria

In Phase 1, Northstar will review Agency Fact Sheets submitted in the form attached as **Exhibit A**, and assign a score to each Agency Fact Sheet according to the following criteria:

Minimum Qualifications (Pass/Fail)

1. Is the Bidder registered to do business in New Jersey or willing to register to do business in New Jersey at the time a Subcontract is awarded? Pass/Fail
2. Is the Bidder an established advertising agency in operation for at least five (5) years? Pass/Fail
3. If the Bidder intends to submit a Proposal for Creative and Coordinating Advertising Services, has the Bidder had total annual advertising billings of at least \$20 million in either of the past two (2) years? Pass/Fail
4. If the Bidder intends to submit a Proposal for Media Planning and Buying Services, has the Bidder had total annual media buying billings of at least \$20 million in either of the past two (2) years? Pass/Fail
5. Has the Bidder had a minimum of five (5) clients for each of the past three (3) years? Pass/Fail
6. Has the Bidder provided seamless integration of traditional, digital, retail signage capabilities to one (1) or more clients? Pass/Fail

Background and Capabilities

(Coordinating Advertising Agency Services – Total 30 points)

(Media Planning and Buying Services – Total 30 points)

1. Experience of current staff members with providing services relevant to the Lottery (maximum 15 points)
 - Staff members have experience marketing fast-moving consumer products sold in convenience stores, liquor stores, and supermarkets – 5 points

- Staff members have relevant retail category experience, (e.g., big box stores or fast food chains) – 5 points
 - Staff members have experience in the entertainment category – 2 points
 - Staff members have experience in lottery or gaming industries – 3 points
2. Relevance of clients (maximum 15 points)
- Experience marketing fast-moving consumer products sold in convenience stores, liquor stores, and supermarkets – 5 points
 - Relevant retail category experience (e.g., big box stores or fast food chains) – 3 points
 - Experience with New Jersey-based brands or products specifically marketed to the people of New Jersey – 2 points
 - Experience in the entertainment category – 3 points
 - Experience in the lottery or gaming industries – 2 points

Ability to Perform Scope of Services (Creative and Coordinating Advertising Services) – based on case studies
(Total: 60 points)

1. Demonstrated ability to provide innovative creative execution and cutting-edge production capabilities (maximum 15 points)
 - Exceeded expectations (based on proof of performance) – up to 15 points
 - Meets expectations (based on proof of performance) – up to 7 points
 - Didn't meet expectations or provide information – 0 points
2. Demonstrated experience with providing clients with strategies that effectively deliver on insights and emotionally connect with consumers (maximum 15 points)
 - Exceeded expectations (based on proof of performance) – up to 15 points
 - Meets expectations (based on proof of performance) – up to 7 points
 - Didn't meet expectations or provide information – 0 points
3. Demonstrated success driving sales by developing transaction-focused strategies and tactics (maximum 15 points)
 - Exceeded expectations (based on proof of performance) – up to 15 points
 - Meets expectations (based on proof of performance) – up to 7 points
 - Didn't meet expectation or provide information – 0 points
4. Demonstrated ability to seamlessly execute proposition across traditional, digital, and retail mediums (maximum 15 points)
 - Exceeded expectations (based on proof of performance) – up to 15 points
 - Meets expectations (based on proof of performance) – up to 7 points
 - Didn't meet expectations or provide information – 0 points

Ability to Perform Scope of Services (Media Planning and Buying Services)– based on case studies (Total: 60 points)

1. Demonstrated ability to gather and utilize audience insights that led to effective media strategy (maximum 15 points)
 - Exceeded expectations (based on proof of performance) – up to 15 points
 - Meets expectations (based on proof of performance) – up to 7 points
 - Didn't meet expectations or provide information – 0 points

2. Demonstrated experience utilizing unique media vehicles to effectively reach audience (maximum 15 points)
 - Exceeded expectations (based on proof of performance) – up to 15 points
 - Meets expectations (based on proof of performance) – up to 7 points
 - Didn't meet expectations or provide information – 0 points

3. Demonstrated ability to leverage added value or other means of optimization (maximum 15 points)
 - Exceeded expectations (based on proof of performance) – up to 15 points
 - Meets expectations (based on proof of performance) – up to 7 points
 - Didn't meet expectations or provide information – 0 points

4. Demonstrated experience evaluating media results and optimizing during campaigns (maximum 15 points)
 - Exceeded expectations (based on proof of performance) – up to 15 points
 - Meets expectations (based on proof of performance) – up to 7 points
 - Didn't meet expectations or provide information – 0 points

NOTE: Because one (1) of Northstar's key responsibilities is to administer a comprehensive marketing and advertising program to promote the responsible sale of Lottery tickets within the State of New Jersey, a Bidder's demonstrated, thorough understanding of the complexities of New Jersey's unique advertising and media landscape is critical. Therefore, case studies contained in the Agency Fact Sheets that demonstrate that thorough knowledge and capability, other performance being equal, will be scored higher.

In Phase 2, each finalist chosen at the conclusion of Phase 1 will have the opportunity to make a presentation of its Proposal, including, without limitation, descriptions, discussions, and demonstrations of case histories and proposed concepts and campaigns. Finalists will be invited to make formal in-person presentations of their Proposals at Northstar's offices. For a finalist competing only for one (1) of the two (2) available Subcontracts, Northstar will schedule a presentation session of up to 90 minutes. For a finalist competing for both of the available Subcontracts, Northstar will schedule a presentation session of up to two (2) hours. The presentations will be evaluated and scored as part of the final selection process.

3.2 Proposal Clarification

Northstar may request clarification from a Bidder for the purpose of clarifying ambiguities or questioning information presented in a Bidder's Proposal. Clarifications may occur throughout the Proposal evaluation process.

3.3 Phase 2 Evaluation Criteria

A uniform process as described in Part 3 will be used to evaluate all finalist Proposals. Each finalist Proposal will be evaluated on mandatory requirements, references and presentations. Any Proposal that does not meet the mandatory requirements may be disqualified from further consideration.

The evaluation scoring will be based on the following relative weighting for each of the listed categories:

CREATIVE AND COORDINATING ADVERTISING SERVICES

Category	Weight
Background and Experience	20%
Account Management	5%
Strategic and Creative Development	55%
Cost	20%
Total	100%

MEDIA PLANNING AND BUYING SERVICES

Category	Weight
Background and Experience	15%
Account Management	5%
Media Planning and Execution	60%
Cost	20%
Total	100%

3.4 Best and Final Offers (BAFOs)

Following completion of the evaluation process, Northstar may request BAFOs from the one (1) or more of the highest rated finalist(s). Northstar reserves the right to make an award based on original Proposals, without requesting BAFOs. Therefore, Proposals should be submitted with the most favorable terms and pricing finalist(s) can offer.

3.5 Award Decision; Dispute Resolution; Final Determination

3.5.1 Subcontract Award

Northstar's evaluation committee will determine the successful Bidder(s). Northstar may negotiate with the Bidder(s) identified as the Successful Bidder(s). A Subcontract Award(s) is intended to be made to the Successful Bidder(s) whose Proposal(s), in the evaluation committee's sole discretion, best demonstrates the highest likelihood of success with the lowest potential risk in performing the required services.

3.5.2 Dispute Resolution

Any dispute involving any aspect of the procurement process described in this RFP may be submitted immediately to Northstar for resolution but in no event more than three (3) business days from any notice of Subcontract(s) award by Northstar. The person or entity disputing any aspect of the procurement process must submit a written statement to the point of contact specified in Section 1.5, including a reasonably specific description of the disputed matter, an explanation of the basis for the dispute, and a description of the proposed resolution. Upon receipt of such a statement, Northstar will promptly review the disputed matter and resolve the dispute in good faith according to the best interests of Northstar, the State of New Jersey and the Lottery. By submitting a Proposal(s) in response to this RFP, all Bidders agree that any and all disputes arising under or relating to this RFP in any way will be fully and finally resolved by Northstar. Northstar does not consent to arbitration of any dispute involving any aspect of the procurement process or any provision of a Subcontract(s) awarded pursuant to this RFP.

3.5.3 Final Determination

Northstar's determination regarding any aspect of the procurement process described in this RFP, including, but not limited to, selection of a finalist Proposal, resolution of a dispute, or award of a Subcontract(s) shall be final.

3.6 Notification of Award

Northstar will notify the Successful Bidder(s) of the Subcontract(s) Awards. The Successful Bidder(s) will also be posted to Northstar's website.

3.7 Successful Execution of Subcontract(s)

If a Subcontract(s) between Northstar and the Successful Bidder(s) cannot be executed by both parties within five (5) business days after the notification of intent to award the Subcontract, Northstar reserves the right to reject the Proposal(s) of the Successful Bidder(s) and proceed to award the Subcontract(s) to another Bidder(s).

Part 4. Contract Provisions

A Bidder(s) receiving a Subcontract(s) award will be required to sign the form of Subcontract attached as **Exhibit E** to this RFP. Northstar reserves the right to incorporate additional provisions in any Subcontract(s) in the best interests of Northstar and the Lottery.

EXHIBIT A – AGENCY FACT SHEET

Company: _____

Address: _____

Phone: _____ Email: _____

Key Business Contact _____ Phone _____

Registered to do Business in New Jersey or willing to register if required: Yes _____ No _____

A. Subcontracts of Interest (check as many as apply):

Creative and Coordinating Advertising Services _____

Media Planning and Buying Services _____

B. Agency History, Ownership and Key Employees (attach extra pages if needed)

1. Founding Date. When did company begin operations?

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

3. Current Ownership. Who are the current owners of the company?

4. Biographies. Attach a short biography of no more than six team members who would manage the account and describe their current roles and their past experience.

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

C. Current Clients, Account Gains and Losses (attach extra pages if needed)

1. Current Clients. List all current clients—brands, products and services—served by the company. Rank them by size, describe the services provided, the dates they became clients, and approximate budget ranges for each.

2. Account Gains. Of the clients acquired within the past two (2) years, explain why the company was chosen to service these new accounts.

3. Account Losses. Of the accounts lost in the past two (2) years, explain why they left or were not

continued by the agency.

4. Current Size. In the following format, summarize the total billings for calendar years 2015, 2016 and 2017, number of employees and number of accounts currently being handled directly by your office.

	2015	2016	2017
Total Billings Per Year			
Number of Employees			
Number of Accounts			

5. If your agency is responsible for media planning and buying, chart your clients' 2017 spending by media—network TV, spot TV, radio, outdoor, newspapers, consumer magazines, trade publications, digital, direct response, etc. Provide approximate figures and percentages by media using the following format.

TV			Print			Other		
Network	\$	/ %	Newspapers	\$	/ %	Outdoor	\$	/ %
Spot	\$	/ %	Consumer Pubs	\$	/ %	Direct Mail	\$	/ %
Syndicated	\$	/ %	Trade	\$	/ %	Radio	\$	/ %
Cable	\$	/ %				Digital/Interactive	\$	/ %

D. Scope and Nature of Agency Services

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

2. Digital Services. In addition to any digital services listed above, please describe established strengths and capabilities in the digital realm including your online marketing, website development, ecommerce, site hosting and maintenance, and database analytics and maintenance capabilities.

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

Case histories in one or both of the areas in which services are sought. Add attachments or enclosures as necessary and use whatever format(s) that best demonstrate(s) the Agency's capabilities.

Creative and Coordinating Advertising Services – To demonstrate capabilities in these areas:

4. Present a case study in which a brand platform was developed and executed.
 - What insights were leveraged in creation of the strategy? What research was implemented?
 - Who was the prime prospect? Why was this segment chosen?
 - How was the program executed?
 - What were the results?
5. Present a case study in which a product was launched or promoted.
 - What insights were leveraged in creation of the strategy? What research was implemented?

- Who was the prime prospect? Why was this segment chosen?
- How was the program executed? Showcase all above and below the line mediums with particular emphasis on in-store communications.
- What were the results?

Media Planning and Buying Services – To demonstrate capabilities in these areas:

1. Present a media case study in which a brand platform was developed and executed.
 - What insights were leveraged in creation of the strategy? What research was implemented?
 - Who was the prime prospect? Why was this segment chosen?
 - How was the program executed?
 - What were the results? Describe added value and other savings.
2. Present a media case study in which a product was launched or promoted
 - What insights were leveraged in creation of the media strategy? What research was implemented?
 - Who was the prime prospect? Why was this segment chosen?
 - How was the program executed?
 - What were the results? Describe added value and other savings

E. References

List three client references (name, title, company, address, telephone, and email).

F. Non-Disclosure Agreement

Attach a signed Non-Disclosure Agreement in the form attached as **Exhibit B**.

EXHIBIT B – NON-DISCLOSURE AGREEMENT

This Non-Disclosure Agreement (this “Agreement”) is hereby entered into as of this _____ day of _____ 2019, by and between NORTHSTAR NEW JERSEY LOTTERY GROUP, LLC, a New Jersey limited liability company, on behalf of itself and its Affiliates (“Northstar”), and [NAME OF BIDDER _____], [TYPE OF ENTITY AND JURISDICTION OF FORMATION _____]

_____] (Company and Northstar shall sometimes be referred to herein collectively as the “Parties” and individually as a “Party”) For avoidance of doubt, as used herein, “Northstar Affiliates” shall include but not be limited to International Game Technology, PLC, Scientific Games International, Inc., OSI LTT NJ Holdings, Inc., and OSI LTT NJ Grantor Trust, and each of their respective Affiliates.

BACKGROUND

WHEREAS, Northstar and the State of New Jersey, Department of the Treasury, Division of Purchase and Property, on behalf of the State of New Jersey (the “State”), and the New Jersey Department of the Treasury, Division of State Lottery (the “Division of Lottery”) entered into that certain State of New Jersey Lottery Services Agreement on June 20, 2013 (the “Services Agreement”), under which Northstar shall provide certain services, goods, and equipment to the Division of Lottery in connection with the operation of the State-conducted lottery (the “Transaction”);

WHEREAS, pursuant to the provisions of the Services Agreement, Northstar must require all of its Subcontractors and other third parties having access to Confidential Information (as defined below) to be subject to a written agreement of confidentiality and non-disclosure that contains terms and conditions substantially similar to those set forth in Section 9 of the Services Agreement;

WHEREAS, Northstar has issued a Request for Proposals #19-S-002 to provide Advertising Agency Services to Northstar for the benefit of the Division of Lottery in accordance with the provisions of the Services Agreement (the “RFP”) and Company has submitted a proposal for consideration and evaluation in response to the RFP (“Company Proposal”);

WHEREAS, the Company may need, from time to time, access or use of Confidential Information in furtherance of the Company Proposal and obligations to Northstar, and Northstar may need, from time to time, to disclose such Confidential Information to Company; and

WHEREAS, the Parties now wish to enter into this Agreement to protect the Confidential Information and restrict its use strictly to the purposes stated herein.

AGREEMENT

NOW, THEREFORE, and in consideration of the promises and covenants hereinafter set forth, and for such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, and with the foregoing recitals being incorporated into this Agreement by this reference, the Parties hereby agree as follows:

1. Definitions.

(a) Confidential Information. For purposes of this Agreement, “Confidential Information” shall mean (a) all information marked confidential, restricted or proprietary by Northstar, any Northstar Affiliates, the State and/or the Division of Lottery; and (b) any other information that is treated as confidential by Northstar, any Northstar Affiliates, the State and/or the Division of Lottery and would reasonably be understood to be confidential, whether or not so marked. In the case of the State and the Division of Lottery, Confidential Information also shall include State Intellectual Property, the State Data, attorney-client privileged materials, attorney work product, customer lists, customer contracts, customer information and transaction data, rates and pricing, information with respect to competitors, strategic plans, account information, research information, financial/accounting information (including assets, expenditures, mergers, acquisitions, divestitures, billings collections, revenues and finances), IT and personnel information, marketing/sales information, information regarding businesses, plans, operations, Third Party contracts, licenses, internal or external audits, law suits, regulatory compliance or other information or data obtained, received, transmitted, processed, stored, archived or maintained by Northstar under this Agreement. In the case of Northstar and Northstar Affiliates, Confidential Information shall also include financial and economic information, trade secrets, business strategies, management and control systems, gaming systems, purchasing, distribution and product delivery systems, vendor lists, vendor information, pricing information, sales and lottery transaction data, promotional tactics, inventory methods or levels, ordering methods, quality control methods, merchandising and display methods, training methods and procedures, product lines, promotions, plans, inventions, product development and product development records, customer lists, architectural designs, architectural renderings, costing methods, marketing techniques, methods of operation and any other proprietary business information relating or belonging to Northstar and/or Northstar Affiliates.

(b) Other Definitions. Capitalized words or phrases used, but not defined, in this Agreement (including any schedules, exhibits, or other documents attached to or otherwise made a part of this Agreement) shall have those meanings ascribed to them in the Services Agreement.

2. Obligations of Confidentiality.

(a) Company understands and agrees that it will be deemed to be in a relationship of confidence with respect to the Confidential Information disclosed to it by Northstar. Company shall not disclose, and shall maintain the confidentiality of, all Confidential Information disclosed to it. Company shall use at least the same degree of care to safeguard and prevent the disclosure of the Confidential Information as it employs to avoid unauthorized disclosure, publication, dissemination, destruction, loss or alteration of its own information (or information of its customers) of a similar nature, but not less than reasonable care.

(b) Company shall insure that its directors, officers and employees shall have access to the Confidential Information only to the extent necessary for such director, officer or employee to perform his or her obligations under or with respect to the Services Agreement or as otherwise naturally occurs in such director’s, officer’s or employee’s scope of responsibility; provided that such access is not in violation of any State Policies and Rules. Company may disclose Confidential Information to its Affiliates, auditors, attorneys, accountants, consultants, contractors and subcontractors (collectively, “Representatives”), where: (i) use by such Person is authorized by Company; (ii) such disclosure is necessary for the performance of such Person’s obligations under or with respect to the Services Agreement or otherwise naturally occurs in such Person’s scope of responsibility; and (iii) such Person (and its applicable officers and employees) agrees to

confidentiality obligations that meet the requirements of this Agreement. Company agrees to instruct all such Representatives to perform his, her, or its obligations in accordance with the terms and conditions of this Agreement and not to disclose such Confidential Information to any third parties, and not to use the Confidential Information for any purpose (other than in connection with the provision of Services under the Services Agreement), without the prior written permission of Northstar. Company hereby assumes full responsibility for the acts or omissions of its directors, officers, employees and Representatives and shall ensure that the Confidential Information is not disclosed or used in contravention of this Agreement. Any disclosure to a Representative shall be under the terms and conditions as provided herein.

(c) Company shall not: (i) make any use or copies of the Confidential Information disclosed to it except as contemplated by this Agreement; (ii) acquire any right in or assert any lien against the Confidential Information disclosed to it; (iii) sell, assign, transfer, lease or otherwise dispose of Confidential Information disclosed to it to Third Parties or commercially exploit such information; or (iv) refuse for any reason to promptly provide the Confidential Information (including copies thereof) to Northstar, the State or the Division of Lottery if requested by Northstar, the State or the Division of Lottery to do so.

3. Exclusions.

Section 2 shall not apply to any particular information which Company can demonstrate: (a) is, at the time of disclosure to it, generally available to the public other than through a breach of Company's or a Third Party's confidentiality obligations; (b) after disclosure to it, is published by Northstar, the State or the Division of Lottery, as the case may be, or otherwise becomes generally available to the public other than through a breach of Company's or a Third Party's confidentiality obligations; (c) is lawfully in the possession of Company at the time of disclosure to it; (d) is received from a Third Party having a lawful right to disclose such information without any restriction on further disclosure; or (e) is independently developed by Company without reference to or use of Confidential Information; provided, however, that the exclusions in the foregoing subsections (a), (b) and (c) shall not be applicable to the extent that the disclosure or sharing of such information is subject to any limitation, restriction, consent or notification requirement under any applicable Data Privacy Laws then in effect. The Parties acknowledge and agree that Confidential Information that is not generally available to the public shall not be deemed public or subject to this exclusion merely because it is combined with information that is generally available to the public.

4. Required Disclosure.

(a) Company may disclose Confidential Information to the extent disclosure is based on the good faith written advice of Company's legal counsel that disclosure is required by Regulatory Requirement; provided, however, that Company shall give advance notice of such requested disclosure to Northstar and shall use commercially reasonable efforts to obtain a protective order or otherwise protect the confidentiality of the Confidential Information and, in the case of Confidential Information of the State and/or the Division of Lottery, to the extent the State and/or the Division of Lottery reasonably determines it is appropriate and consistent with the New Jersey Open Public Records Act (N.J.S.A. 47:1A-1, et seq.) and/or the common law right to know as established under New Jersey law. Notwithstanding the foregoing, Northstar reserves the right to obtain a protective order or otherwise protect the confidentiality of such Confidential Information. For purposes of this Section 4, Company's in-house counsel or law department may act as their respective legal counsel.

(b) Company, and its directors, officers, employees and Representatives will at all times cooperate timely and fully with Northstar to protect the confidentiality of the Confidential Information and will exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information, and will disclose only so much of the Confidential Information as it is legally compelled to disclose (which shall mean and include an effort to redact or “sanitize” any information required to be disclosed to the maximum extent permitted by law).

5. Notification, Mitigation and Remedy.

(a) In the event of any impermissible disclosure, loss or destruction of Confidential Information, Company shall immediately notify Northstar and take all reasonable steps to mitigate any potential harm or further disclosure, loss or destruction of such Confidential Information.

(b) In the event that there is a breach of Company’s obligations contained in this Agreement, or otherwise, involving Personal Information in the possession of Company, and such breach is the direct cause of an unauthorized disclosure of such Personal Information, then the cost of the notifications required by N.J.S.A. 56:8-163 shall be borne in full by Company and Company shall fully indemnify Northstar against any third party claims as a result of such unauthorized disclosure.

6. Return/Destruction of Confidential Information.

Upon termination of this Agreement, and at any other time upon written request by Northstar or the State or the Division of Lottery, to the extent permitted by law and consistent with any applicable document retention policies, Company shall return to Northstar all applicable Confidential Information then in its possession or control, in whatever form, or, in the case of a written request by Northstar, the Confidential Information specified in such request as then in Company’s possession or control, in whatever form, in any case within 30 days following such termination or request. In addition, unless Northstar otherwise consents in writing, Company shall also deliver to Northstar or, if requested by Northstar, shall delete or destroy and provide a certification as to the deletion or destruction of, any copies, duplicates, summaries, abstracts or other representations of any such Confidential Information or any part thereof, in whatever form, then in the possession or control of Company to the extent permitted by applicable law and consistent with any applicable document retention policies. Notwithstanding the foregoing, Company may retain a reasonable number of copies of documentation and data, excluding the State Data, for archival purposes or warranty support; provided, however, that any subsequent disclosure of such archived data shall comply with this Agreement. Company shall deliver to Northstar written certification of its compliance with this Section 6 signed by an authorized representative of Company.

7. Ownership of Confidential Information.

Northstar, the State or the Division of Lottery, as the case may be, shall be deemed to be the owner of all Confidential Information disclosed by it, including all patent, copyright, trademark, trade secret and other proprietary rights and interests therein, and Company recognizes and agrees that nothing contained in this Agreement shall be construed as granting any rights, by license or otherwise, in or to any Confidential Information disclosed pursuant to this Agreement or in or to any such intellectual property rights therein.

8. Injunctive Relief and Attorneys' Fees.

If Company or anyone acting on its behalf or operating under its control, publishes, transmits, releases, discloses or uses any Confidential Information in violation of this Agreement, or if Northstar anticipates that Company may violate or continue to violate any restriction set forth in this Agreement, then Northstar shall have the right to have the provisions of this Agreement specifically enforced by any court having equity jurisdiction, without being required to post bond or other security and without having to prove the inadequacy of available remedies at law, it being acknowledged and agreed that any such violation shall cause irreparable injury to Northstar, the State and/or the Division of Lottery, as the case may be, and that monetary damages shall not provide an adequate remedy. In the event of an action to enforce the provisions of this Agreement, the Party seeking such enforcement, if it prevails, shall be entitled, in addition to any other relief granted, to recover from the other Party the reasonable costs and expenses of such enforcement, including reasonable attorneys' fees.

9. Duration; Survival.

This Agreement shall remain in effect until written notice by Northstar to terminate this Agreement. Notwithstanding the termination of this Agreement, the confidentiality obligations set forth in this Agreement with respect to any Confidential Information shall survive the termination of this Agreement until such Confidential Information is publicly known.

10. Beneficiaries.

The Parties expressly acknowledge and agree that the State, the Division of Lottery and/or Northstar Affiliates shall be considered third-party beneficiaries under this Agreement, having all of the legal, equitable, or similar rights (or remedies or claims) that Northstar may have under this Agreement.

11. Miscellaneous.

If any provision of this Agreement or any portion of any such provision shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect, and the provision or portion thereof affected by such holding shall be modified, if possible, so that it is enforceable to the maximum extent permissible. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey without regard to or application of choice of law rules or principles. Nothing contained herein shall be deemed to obligate Northstar to deal exclusively with Company with respect to the RFP, Company Proposal or Transaction, or any parts thereof, and Northstar shall be free to engage other parties to perform the same or similar work as is being requested of Company with respect to the Transaction. This Agreement constitutes the entire agreement of the Parties regarding the subject matter hereof and may not be modified except by a written instrument signed by an authorized representative of each Party and the State and the Division of Lottery.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

<p>_____ Name of Company</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p>	<p>NORTHSTAR NEW JERSEY LOTTERY GROUP, LLC</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p>
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SCHEDULE 1

CREATIVE AND COORDINATING ADVERTISING AGENCY SERVICES

RFP #14-S-0002

INSTRUCTIONS:

- A finalist participating in Phase 2 of this Procurement Competition must submit a separately sealed Cost Proposal using the following format to accompany a separately sealed Technical Proposal. A complete Finalist Proposal must include both a Cost Proposal and a Technical Proposal.
- All finalists must complete Section 1, Identification.
- A finalist competing for a Creative and Coordinating Advertising Agency Services Subcontract must complete Section 2.
- A finalist competing for a Media Planning and Buying Services Subcontract must complete Section 3.
- A finalist competing for both a Creative and Coordinating Advertising Agency Services Subcontract and a Media Planning and Buying Services Subcontract must complete both Sections 2 and 3.

Section 1. IDENTIFICATION

Bidder: _____

Name and Title of Contact Person: _____

Email: _____

Phone: _____

Address: _____

Section 2. CREATIVE AND COORDINATING ADVERTISING SERVICES

Hourly Rates proposed in Column (C) must be firm, fixed prices that will be incorporated into the Subcontract agreement as the maximum prices to be charged if the Bidder is awarded a Creative and Coordinating Advertising Services Subcontract.

	FTE's (A)	Annual Hours 1,800 (B)	Hourly Rates (C)	Direct Labor Cost (A)(B)(C)
Account Management Position/Title Position/Title Total				\$
Account Planning Position/Title Position/Title Total				\$
Creative Position/Title Position/Title Total				\$
Interactive Position/Title Position/Title Total				\$
Media Planning and Management Position/Title Position/Title Total				\$
Production/Traffic Position/Title Position/Title Total				\$
Other Position/Title Position/Title Total				\$
Total of Direct Labor Cost				\$
Overhead Mark Up			%	\$
Total Cost				\$
Profit Mark Up			%	\$
*Total Price				\$

*Price used to rank bids.

Section 3. Media Planning and Buying Services

The percentage rate proposed in this Section must be a firm, fixed price that will be incorporated into the Subcontract agreement as the maximum price to be charged if the Bidder is awarded a Media Planning and Buying Services Subcontract.

**Media Placement Mark-up Percentage.	%
**Percentage used to rank bids.	

Bidder must also disclose any applicable fee structure outside of the Media Placement Mark-up Percent.

Exhibit D



1333 Brunswick Avenue
Suite 400
Trenton, New Jersey 08648

BACKGROUND INVESTIGATION AUTHORIZATION & SECURITY

Northstar New Jersey Lottery Group, LLC ("Northstar") requires that a thorough background investigation and reference check be conducted on prospective independent consultants, contractors, subcontractors, and agency temporary workers. Please provide the information requested below so that we may complete this investigation.

Name: _____

Please list other names by which you have been known do that we may adequately verify your identity, employment, educational and/or credit history:

Address:

(street) (apt #) (city) (state) (zip code)

If you have lived at your current address for less than three (3) years, list your previous address:

Date of Birth*: ____ (month) ____ (day) ____ (year) Social Security Number: _____

_____ Motor Vehicle License Information: _____

I am being considered for a consultant, contractor, subcontractor or temporary help assignment at/with Northstar through a third-party agency named:

I hereby authorize Northstar, the State of New Jersey, the New Jersey Division of Lottery and/or International Game Technology PLC ("IGT") (on behalf of Northstar), to conduct a background investigation and reference check of me. I understand that my assignment or engagement with Northstar is contingent on several factors including, but not limited to, the satisfactory results of this check, as determined by Northstar, the New Jersey Division of Lottery and/or the State of New Jersey. I understand that this background investigation and reference check may include contacting and soliciting information about me from criminal justice agencies, credit bureaus, educational institutions, motor vehicle records, social media, businesses and personal references supplied by me or developed independently by IGT and/or Northstar ("References"). I hereby authorize (1) Northstar, the State of New Jersey, the New Jersey Division of Lottery and/or IGT (on behalf of Northstar) to make such inquiries of the References as it/they may deem appropriate and (2) the References to supply

information to Northstar, the State of New Jersey, the New Jersey Division of Lottery and/or IGT (on behalf of Northstar) in response to such inquiries.

I also understand that Northstar, the State of New Jersey, the New Jersey Division of Lottery and/or IGT (on behalf of Northstar) may, at any time, conduct occasional and periodic security reference checks and that my continued engagement with Northstar is contingent upon the satisfactory results of these checks.

I hereby agree to hold Northstar, the State of New Jersey, the New Jersey Division of Lottery and/or IGT, and each of its/their employees, officers, directors, partners, affiliates and agents, each of the References and other third parties harmless in connection with such background investigations and reference checks and any information supplied or received in connection therewith.

(Signature) (Date)

This information is requested for accurate verification and will not be used for any other purpose. Federal law prohibits discrimination in employment on the basis of race, color, creed, religion, sex, national origin, disability, age, handicapped, marriage, sexual preference or any other legally protected status.

IGT obtains consumer reports from TransUnion Rhode Island Division. Applications from California, Minnesota, and Oklahoma have the right to receive a copy of their report directly from the TransUnion Rhode Island Division. If you reside in California, Minnesota, or Oklahoma and you wish to receive a copy of your consumer report, please check here () _____

This section for IGT use ONLY.

Requestor's Name: _____ Phone: _____
Cost Center Number (to be charged where applicable): _____

FAX Background Investigation Authorization & Security Clearance form along with Employment Application and Resume to IGT Corporate Security Dept. at FAX 401-392-4924.

Please provide the following reports: () Criminal () Credit () Education ()
Employment Verification () Motor Vehicle Driving Status () Other _____

Results to be returned ONLY to Human Resources _____ (email of HR Representative)

All results will be returned via email within 48 hours of request.

EXHIBIT E

CREATIVE AND COORDINATING ADVERTISING SERVICES

[MEDIA PLANNING AND BUYING SERVICES subcontract will be in the same form]

This Subcontract Agreement for Creative and Coordinating Advertising Services (“Agreement” or “Subcontract Agreement”), dated as of _____, 2019 (the “Effective Date”) between NORTHSTAR NEW JERSEY LOTTERY GROUP, LLC, a New Jersey limited liability company, having a principal address of 1333 Brunswick Avenue, Trenton New Jersey 08648 (“Northstar”) and _____, [TYPE OF ENTITY AND JURISDICTION OF INFORMATION], having a principal address of _____ the “Subcontractor”). Northstar and Subcontractor shall hereinafter sometimes be collectively referred to as the “Parties” and individually as a “Party”. Capitalized terms used but not defined in this Subcontract Agreement shall have the meanings ascribed to such terms in the State of New Jersey Lottery Services Agreement dated June 20, 2013 (the “Services Agreement”) between the State of New Jersey, Department of the Treasury, Division of Lottery (the “State” or the “Lottery”) and Northstar, and/or the Operating Standards (as such term is defined in the Services Agreement), and in the event that the same term is defined in both the Services Agreement and the Operating Standards, then the defined term as defined in the Services Agreement shall control.

Pursuant to the Services Agreement, Northstar issued a Request for Proposals #19-S-002 for Advertising Agency Services (the “RFP”), soliciting competitive proposals from responsible, responsive, qualified Bidders to perform the services described in the RFP. Subcontractor responded to the RFP with a Proposal (the “Proposal”), and on _____ 2019, Northstar issued a Notice of Intent to award the Subcontract Agreement to Subcontractor following a competitive procurement process.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Subcontractor and Northstar hereby agree as follows:

1. SERVICES

1.1 Subcontractor shall provide Creative and Coordinating Advertising services (collectively, the “Services”) pursuant to and in accordance with the RFP and Subcontractor’s Proposal (including the pricing submitted by the Subcontractor on the Schedule 1 attached hereto, which incorporates, if applicable, any Best and Final Offer provided by Subcontractor at Northstar’s request), which are hereby incorporated by reference into this Subcontract Agreement. In the event of any inconsistency, disagreement or conflict, the documents shall control in the following order of precedence: (i) this Subcontract Agreement, (ii) the RFP and any amendments, addenda, or supplements thereto, and (iii) Subcontractor’s Proposal and any clarifications thereto (including pricing submitted by the Subcontractor, which incorporates, if applicable, any Best and Final Offer provided by Subcontractor at Northstar’s request).

1.2 Northstar may, in its sole discretion, request that Subcontractor and Northstar enter into separate statements of work (“SOWs”) in connection with additional assignments related to the Services. Such SOWs shall be in writing, shall specify the scope of work requested, the pricing, the timeline and be signed by both parties and shall further specify that the applicable SOW shall be incorporated into this Agreement and made a part hereof.

1.3 Subcontractor shall perform all of the Services with care, skill and diligence in accordance with applicable professional standards currently recognized by its profession and to the satisfaction of Northstar.

1.4 All Services provided by Subcontractor hereunder are for the benefit of the State of New Jersey and the Division of Lottery.

1.5 Subcontractor may be asked to provide the Services to International Game Technology PLC and Scientific Games International pursuant to separate Agreements with those entities, and at prices comparable to the prices provided by Subcontractor to Northstar under this RFP.

1.6 It is Subcontractor’s responsibility to address and resolve all questions with Northstar’s designated staff members and achieve a clear understanding of all requirements. Northstar will use reasonable efforts to provide timely responses to questions of policy or procedure as they may affect Subcontractor’s performance of Services under this Subcontract Agreement.

1.7 Subcontractor shall not institute any modifications to its procedures, operations or organization with respect to or having a material effect on Subcontractor's performance under this Subcontract Agreement without first submitting a written change request and receiving prior approval in writing from Northstar.

1.8 Subcontractor shall at all times comply in all material respects with all applicable State Policies and Rules, including but not limited to the Operating Standards for the Division of State Lottery in Subcontractor’s performance of all Services under this Agreement. A copy of the current Operating Standards for the State of New Jersey, Department of Treasury, Division of State Lottery will be provided to Subcontractor upon Subcontractor’s request.

2. TERM; TERMINATION; TRANSITION

2.1 Unless earlier terminated pursuant to this Section 2, this Agreement shall be for a term commencing as of the Effective Date set forth above and continuing for a period of three (3) years after the Effective Date (the “Original Term”). Northstar shall have the sole option to extend the Original Term for an additional period of one (1) year (“First Extended Term”) upon written notice delivered to Company not less than ninety (90) days prior to the end of the Original Term. Northstar shall also have the sole option to extend the First Extended Term for an additional one (1) year period (“Second Extended Term”) upon written notice delivered to Company not less than ninety (90) days prior to the end of the First Extended Term.

2.2 This Agreement shall terminate at any time without liability and with no penalties, fees or damages to or on the part of Northstar, the State of New Jersey or the Division of Lottery in the event that the State of New Jersey and/or the Division of Lottery requires termination of this Agreement for any reason, including but not limited to: (a) material non-performance of the Services required by this

Agreement that, in State's or Division of Lottery's reasonable determination, is not cured within a period of time deemed reasonable by the State or the Division of Lottery; (b) engagement by the Subcontractor in illegal activity or a material violation of State Policies or Rules; or (c) a material violation of this Agreement attributable to the Subcontractor that is not cured within a period of time deemed reasonable by the State or the Division of Lottery.

2.3. In the event that a new Creative and Coordinating Advertising subcontract has not been awarded prior to the expiration of the Original Term, First Extended Term and/or Second Extended Term, or alternatively, in the event that a new Creative and Coordinating Advertising subcontract has been awarded but Northstar determines in its sole discretion that a transition period is necessary between Subcontractor and a subcontractor awarded a new Creative and Coordinating Advertising subcontract, Subcontractor agrees and acknowledges that it shall be obligated to continue to provide the Services required by this Subcontract upon the same terms and conditions for an additional term of not more than 90 days until a new Creative and Coordinating Advertising subcontract is in effect and a new subcontractor is ready, as determined by Northstar in its discretion, to perform a new Creating and Coordinating Advertising subcontract.

3. COMPENSATION

3.1 Northstar shall pay the Subcontractor for the Services provided to Northstar in accordance with and subject to the provisions of this Agreement and the **Schedule 1** attached to this Agreement.

3.2 Subcontractor shall submit invoices on a monthly basis. Invoices shall be submitted by mail to Northstar, Attention: Lauren Quirk, Marketing Operations, 1333 Brunswick Avenue, Suite 400, Trenton, New Jersey 08648. Subcontractor shall be responsible to audit all invoices prior to submittal to Northstar for payment.

3.3 Payments will be made only upon Northstar's satisfaction with the Subcontractor's Services. Northstar will pay properly submitted and undisputed Subcontractor invoices within 60 days of Northstar's receipt of the same.

4. CONFIDENTIALITY

Contemporaneously with the execution of this Agreement, Northstar and Subcontractor shall execute a non-disclosure agreement substantially in the form attached to the RFP as **EXHIBIT B**.

5. RECORD KEEPING; AUDITS; DATA PROTECTION

5.1 **Contract Records.** As reasonably needed to validate Subcontractor's compliance with this Subcontract Agreement and to assist Northstar in validating its Services Agreement compliance, Subcontractor shall maintain complete and accurate records of the Services performed by Subcontractor pursuant to this Agreement, including but not limited to complete and accurate records of and supporting documentation for all expenses incurred and payments received in connection with this Agreement. Subcontractor shall maintain such records for five (5) years after the date of final payment under the Subcontract Agreement. See also Section 8.6 herein, Record keeping.

5.2. **Audits.** Subcontractor acknowledges the right of auditors or investigators employed or engaged by Northstar, the State or the Division of Lottery to conduct audits or investigations of Subcontractor. Subcontractor shall cooperate with such audits or investigations. In each case, such cooperation shall

include, upon reasonable notice, providing information and records, access to facilities and personnel and active cooperation to enable Northstar to be able to fulfill its obligations under the Services Agreement.

5.3 Audit Results. If an operational audit or investigation reveals that Northstar is not in material compliance with any provision of the Services Agreement due solely to an act or omission of Subcontractor and/or Subcontractor's officers, employees, agents, subcontractors or affiliates under this Subcontract Agreement, Subcontractor shall, at its sole cost and expense, promptly take any and all actions necessary to comply with (and render Northstar in compliance with) such provision of the Services Agreement. In addition, Subcontractor shall promptly reimburse Northstar for the actual cost of such audit or investigation and any damages, fees, fines or penalties assessed against or incurred by Northstar as a result thereof. If a financial audit or investigation reveals an overcharge by Subcontractor, Subcontractor Personnel, Subcontractor's agents and/or subcontractors, Subcontractor shall promptly pay to Northstar the amount of such overcharge, together with interest from the date of Subcontractor's receipt of such overcharge at the same rate of interest then applicable to late payments by the Division of Lottery as prescribed by the New Jersey Prompt Pay Act (N.J.S.A. 2A:30A-2). In addition, if any such audit or investigation reveals an overcharge of more than three percent (3%) of the audited payments hereunder in any payment category, Subcontractor shall promptly reimburse Northstar for the actual cost of such audit (including all fees of any Permitted Auditors) and any damages, fees, fines or penalties assessed against or incurred by Northstar as a result thereof.

5.4 Audit Follow-Up. Subcontractor shall assist Northstar in complying with the Services Agreement, including developing for Northstar approval an action plan for Subcontractor to take (within reasonable timeframes) any and all actions necessary for Subcontractor to rectify, at its own cost and expense, such non-compliance with the provisions of this Agreement, or otherwise resolve any deficiencies, problems, concerns and/or recommendations identified by or on behalf of the State and/or the Division of Lottery in connection with any audit or investigation.

5.5 Audit Costs. Subcontractor shall provide reasonable audit-related assistance and compliance described in this Section 5 at no additional cost to Northstar.

5.6 Ownership of State Data. Subcontractor acknowledges that the State Data is the property of the State. To the extent Subcontractor's Services involve State Data, Subcontractor shall take all reasonable actions to enable Northstar to comply with its confidentiality obligations to the State.

5.7 Security. To the extent Subcontractor's Services involve State Data, Subcontractor shall take all reasonable actions to enable Northstar to comply with the confidentiality requirements of the Services Agreement, including but not limited to establishing and maintaining physical, environmental, safety and facility procedures, data security procedures and other safeguards. To the extent Subcontractor maintains computer or other files containing State Data, Subcontractor shall provide Northstar, the State or the Division of Lottery with access to such files upon reasonable prior written notice and written request by Northstar, the State or the Division of Lottery.

6. INTELLECTUAL PROPERTY RIGHTS

6.1 Subcontractor acknowledges and agrees that Northstar, the State and the Division of Lottery shall be the sole owners of all creations, products, inventions or discoveries, which are conceived, created, developed and paid for by Northstar under or in connection with this Agreement together with all

Intellectual Property rights related to the foregoing. The Subcontractor warrants that it is entitled to acknowledge and agree to such transfer of rights to Northstar, the State and the Division of Lottery, and has obtained all the rights and necessary authorizations from all parties concerned, including from any of its subcontractor(s) in order to do so.

6.2 The Subcontractor shall cooperate in good faith to facilitate the full exercise and/or exploitation by Northstar, the State or the Division of Lottery of any of their Intellectual Property rights, and, where necessary, do all acts and procedures required to obtain and perfect all intellectual property rights in the names of Northstar, the State and the Division of Lottery. The Subcontractor shall also in all circumstances refrain from any actions or from any abuse of Northstar's, the State's and/or the Division of Lottery's rights including moral rights, which would prejudice such ownership, exercise or exploitation by Northstar, the State or the Division of Lottery.

6.3 All materials, including (without limitation) documents in written or pictorial forms, on magnetic or non-magnetic media, drawings, designs, computer programs, source codes, apparatus or models, developed by the Subcontractor for Northstar, the State and/or the Division of Lottery in pursuance of this Agreement shall be and shall remain the property of Northstar, the State and/or the Division of Lottery and are specifically works made for hire.

6.4 Subcontractor hereby grants to Northstar a non-exclusive, non-transferable, irrevocable during the term of this Agreement (as may be extended by Northstar in its discretion pursuant to Section 2 hereof) of , fully paid-up license to access and use and to permit a Third Party, including the State or the Division of Lottery, to access, use, modify and create derivative works of Subcontractor's Intellectual Property for the benefit or use of Northstar, the State and/or the Division of Lottery, until the expiration or termination of this Agreement, to the extent that such access and use is reasonably required for Northstar to receive the Services contemplated hereunder; provided, however, that to the extent any of such licensed Intellectual Property constitutes Software, only the object code version of such Software shall be licensed; and (b) the rights of any Third Party shall be conditioned upon Subcontractor's right to protect such Intellectual Property.

6.5 Subcontractor shall not use any Intellectual Property for which it is unable to offer a license or other rights to Northstar.

6.6 Each Party agrees to reproduce copyright legends which appear on any portion of Intellectual Property and/or copies or materials embodying the Intellectual Property which may be owned by the other Party or Third Parties.

6.7 Each Party agrees to reasonably cooperate with and reasonably assist the other Party in connection with the investigation or pursuit of a Party in enforcing and/or investigating violations of the Intellectual Property rights of such Party with regard to the Intellectual Property that is owned by such Party. In addition, each Party agrees to execute any documents or take any other actions as may reasonably be necessary, or as the other Party may reasonably request, to perfect such other Party's ownership of, as applicable, any Intellectual Property contemplated hereunder.

6.8 Nothing in this Agreement shall restrict a Party from using the generic data processing or business process ideas, concepts, or know-how developed by or disclosed to a Party in connection with this Agreement and inadvertently retained in the unaided memory of the receiving Party's employees and representatives (and not intentionally memorized for the purpose of later recording or use) who have

rightful access to such information under the provisions of this Agreement, provided that such use does not infringe or misappropriate the Intellectual Property rights of a Party or breach any confidentiality obligations or other obligations under this Agreement.

6.9 Except as expressly specified in this Agreement, nothing in this Agreement shall be deemed to grant to one Party, by implication, estoppel or otherwise, license rights, ownership rights or any other Intellectual Property rights in any Intellectual Property owned by the other Party.

6.10 Subcontractor acknowledges and agrees that Northstar, the State and the Division of Lottery shall be the sole owners of all creations, products, inventions or discoveries, which are conceived, created, developed under or in connection with this Agreement together with all intellectual property rights related to the foregoing, including (but not limited to) copyright and rights in software, source code, patents, trademarks, and trade names, in each case, as soon as they exist. Subcontractor warrants that it is entitled to acknowledge and agree to such transfer of rights to Northstar and has obtained all the rights and necessary authorizations from all parties concerned, including from any subcontractor(s) in order to do so.

6.11 All materials supplied by Northstar to Subcontractor shall remain the property of Northstar, and shall be returned to Northstar, with all copies thereof, when this Agreement is terminated, for whatever reason(s); or immediately upon request by Northstar, without need to justify such a request. Subcontractor shall be responsible to obtain the return of all such materials from any Third Party immediately upon such person(s) ceasing to render any services hereunder to Northstar.

6.12 The ideas, concepts, know-how or techniques originated by Subcontractor or jointly by the Subcontractor and Northstar, in pursuance of this Agreement, can be used by Northstar in whatever way it may deem appropriate.

6.13 Subcontractor acknowledges and agrees that all worldwide right, title and interest in and to all State Intellectual Property is and shall be owned by the State. Subcontractor acknowledges and agrees that all worldwide right, title and interest in and to all Manager Intellectual Property is and shall be owned by Northstar. At the expiration or earlier termination of this Agreement, Subcontractor shall have no right to use any State Intellectual Property or Manager Intellectual Property and Subcontractor shall promptly return to Northstar all State Intellectual Property and all Manager Intellectual Property, including all items embodying such State Intellectual Property and Manager Intellectual Property in Subcontractor's possession or in the possession of any of Subcontractor's subcontractors or, upon Northstar's request, destroy any copies of such items remaining in Subcontractor's or any of Subcontractors' subcontractor's possession and certify such destruction to the satisfaction of Northstar and/or the State.

6.14 The provisions of this Section 6 and the obligations of the Subcontractor under this Section 6 shall indefinitely survive the expiration or earlier termination of this Agreement and shall remain in full force and effect thereafter.

7. STATUS OF PARTIES

7.1 The Parties acknowledge that nothing in this Agreement shall create the relationship of employer and employee, partnership, principal and agent or joint venture between Northstar and Subcontractor.

Subcontractor shall be an independent contractor, and shall not have authority to bind Northstar, nor will Subcontractor represent to any person that it has such authority.

7.2 Northstar will not withhold from the compensation provided hereunder, or with respect to such compensation, pay to the U.S. government or any State, local or foreign government, any income, social security or other employment-related tax. Subcontractor shall be responsible for making all appropriate filings with the taxing authorities and for payment of any and all U.S., State, local and foreign taxes, levies, duties and assessments of every nature due in connection with this Subcontract Agreement.

7.3 In accordance with the independent contractor relationship stipulated in Section 7 hereof, Northstar shall not be responsible for the provision to or on behalf of Subcontractor or Subcontractor's employees of benefits and conditions of employment generally available to Northstar employees, including without limitation insurance, retirement, death, profit sharing, disability or similar benefits, and will not be liable to Subcontractor or Subcontractor's employees under any worker's compensation or similar law.

8. REQUIREMENTS REGARDING SUBCONTRACTOR PERSONNEL

8.1 Supervision and Conduct of Subcontractor Personnel. Subcontractor shall be responsible for the Services related performance of all Subcontractor personnel assigned to provide Services under this Agreement and shall direct the management of such Subcontractor personnel. With respect to all Subcontractor personnel, Subcontractor shall comply with all applicable regulatory requirements.

8.2 Probity Investigations by the State. Subcontractor hereby acknowledges and agrees that Northstar, the State of New Jersey and/or Division of Lottery shall have the right to conduct probity investigations of any Subcontractor personnel at any time prior to and during the term of this Agreement (as may be extended by Northstar in its discretion pursuant to Section 2 hereof) of in accordance with the Services Agreement and/or the Operating Standards.

8.3 Background Checks for Subcontractor Personnel. Subcontractor shall ensure that all Subcontractor Personnel are authorized to work in any jurisdiction in which they are assigned to perform Subcontractor Services pursuant to this Agreement and are not otherwise disqualified from performing the Services. To the extent allowed by applicable law, Subcontractor shall conduct its standard background check on all Subcontractor personnel and shall review the results of the background check to verify that Subcontractor personnel meet Subcontractor's standards for employment. Such background check shall be in the form generally used by Subcontractor in its initial hiring of employees or contracting for contractors or, as applicable, during the employment screening process.

8.4 Substance Abuse Policies for Subcontractor Personnel. Subcontractor covenants that it has and shall maintain substance abuse policies, in each case in conformance with applicable laws, and Subcontractor personnel providing services to Northstar hereunder shall be subject to such policies.

8.5 Equal Employment. Subcontractor and Subcontractor Personnel shall at all times during the term of this Agreement (as may be extended by Northstar in its discretion pursuant to Section 2 hereof) comply, and shall require all of its subcontractors to comply, with all laws and regulations that pertain to, or otherwise touch upon, the employment relationship, including without limitation all applicable provisions of State and Federal laws and regulations pertaining to discrimination against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex or any other

protected category set forth in N.J.S.A. 10:5-12(a) or other applicable local, State, and federal laws. Upon the request by the State of New Jersey and/or the Division of Lottery, Subcontractor shall furnish to the State of New Jersey and/or the Division of Lottery written certification that Subcontractor follows all applicable non-discrimination laws applicable to private sector employers. Subcontractor hereby covenants and agrees that no person shall be (i) excluded from participation in, or be denied benefits of, this Agreement where such participation or benefits are obligated by this Agreement or applicable laws, or (ii) excluded from employment, denied any of the benefits of employment or otherwise be subjected to discrimination on the grounds of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex or any other protected category set forth in N.J.S.A. 10:5-12(a) or other applicable local, State, and federal laws. Subcontractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

8.6 Record Keeping. Subcontractor shall maintain documentation for all fees or charges incurred by Northstar under this Agreement or any modifications or amendments hereto. The books, documents, papers, accounting records and other evidence pertaining to products and/or Services to be provided or performed or money received under this Agreement shall be (i) maintained for a period of five (5) full years from the date of the final payment and (ii) subject to audit or inspection at any reasonable time and upon reasonable notice by Northstar, the State or the Division of Lottery or its duly appointed representatives. Subcontractor shall make such materials available at its offices, and copies thereof shall be furnished to Northstar, the State and/or the Division of Lottery or its duly appointed representatives by the Subcontractor, at no cost to Northstar, the State or the Division of Lottery or its duly appointed representatives, if so requested. Such records shall be maintained in accordance with GAAP and any other applicable procedures established by the State of New Jersey and/or the Division of Lottery from time to time.

9. PROHIBITION AGAINST LOTTERY PLAY

Subcontractor's officers, employees and agents actually performing the Services pursuant to this Subcontract Agreement, as well as anyone residing in their principal place of abode excepting tenants not related by blood or marriage, are expressly prohibited from purchasing tickets or shares, or receiving prizes, in any New Jersey State Lottery during the term of this Agreement (as may be extended by Northstar in its discretion pursuant to Section 2 hereof).

10. ASSIGNMENT; SUBCONTRACTING

10.1 This Agreement shall not be assigned by the Subcontractor, in whole or in part, without the prior written consent of Northstar. In the event of any such approval, the provisions of this Subcontract shall apply to and bind the party or parties to whom this Subcontract is assigned, or portions of which are subcontracted, as fully and completely as the Subcontractor is bound and obligated to Northstar. As a condition of Northstar's approval, Subcontractor agrees to indemnify and hold Northstar harmless from any claims or actions of its subcontractors. Northstar will withhold indemnified losses from payments to Subcontractor or, if no payments are due, Northstar will make demand of payment of indemnified losses. Subcontractor must make payment within 30 days of Northstar's demand. No assignment, if any, shall operate to release Subcontractor from its liability for the timely and effective performance of its obligations, including the payment of any amounts due to Northstar. Assignments made in violation of this provision shall be null and void.

10.2 This Subcontract Agreement shall be assignable by Northstar to any of its Affiliates or to the State or the Division of Lottery at the option of Northstar or at the request of the State or the Division of Lottery. Any such assignment shall be without cost or penalty, it being understood and agreed that in the event the State or the Division of Lottery elects to have the rights and benefits under this Agreement assigned to the State or the Division of Lottery, then the State or the Division of Lottery shall assume the obligations and liabilities arising under this Agreement on or after the date of assignment to the State or the Division of Lottery.

10.3 Any assignment made in violation of this Section 10 shall be void and of no force or effect. Subcontractor may, subject to the consent of Northstar, use subcontractors and vendors to provide products or services as Subcontractor deems are necessary for the performance of its Services. Northstar may require that such services or goods be purchased by competitive procurement.

11. INSURANCE

a. During the term of this Agreement (as may be extended by Northstar in its discretion pursuant to Section 2 hereof) and for a minimum of one (1) year after the expiration of the term (as may be extended by Northstar in its discretion pursuant to Section 2 hereof) of this Agreement, Subcontractor shall provide and maintain, at its sole expense, insurance at levels which are acceptable and prudent business practices for the type and quantity of goods and/or Services being provided herein and of the following types: (i) Commercial General Liability Insurance covering bodily injury, death and property damage; (ii) Automobile Liability Insurance which is written to cover any automobile used by the insured and which covers bodily injury, death and property damage; and (iii) Crime Insurance covering financial loss due to any fraudulent or dishonest acts on the part of Subcontractor's officers, employees, agents or subcontractors, including coverage for third party theft of property in Subcontractor's care, custody or control or while in transit, loss due to forgery or alteration of negotiable instruments or loss due to electronic funds transfer fraud.

b. In addition to the requirements of Section 11a hereof, during the term of this Agreement (as may be extended by Northstar in its discretion pursuant to Section 2 hereof) and for a minimum of one (1) year after the expiration of the term (as may be extended by Northstar in its discretion pursuant to Section 2 hereof), Subcontractor shall provide and maintain, at its sole expense, Workers' Compensation Insurance applicable to the law of the State and Employers Liability Insurance with limits not less than:

- \$1,000,000 bodily injury, each occurrence;
- \$1,000,000 disease each employee; and
- \$1,000,000 disease aggregate limit.

c. In addition to the requirements of Section 11a and 11b hereof, during the term of this Agreement (as may be extended by Northstar in its discretion pursuant to Section 2 hereof), Subcontractor shall provide and maintain, at its sole expense, Professional Liability Insurance at levels which are acceptable and prudent business practices for the type and quantity of goods and/or Services being provided herein, which shall cover any and all errors, omissions or negligent acts in the delivery of the Services under this Subcontract Agreement. Such errors and omissions insurance shall include coverage for claims and losses with respect to network risks (such as data breaches, unauthorized access/use, ID theft, invasion of privacy, damage/loss/theft of data, degradation, downtime, loss of business income and expense due to inability to access systems, media liability arising from material on websites or off-line publications etc.). The Professional Liability Insurance retroactive coverage date shall be no later than the Agreement Effective Date, and Subcontractor shall maintain an extended reporting period providing

that claims first made and reported to the insurance company within two (2) years after termination of the Subcontract Agreement will be deemed to have been made during the policy period.

Evidence of all such insurance coverage described in this Section 11 shall be provided to Northstar upon request.

12. NON-COMPETITION

12.1 For the term of this Agreement (as may be extended by Northstar in its discretion pursuant to Section 2 hereof) and twelve (12) months after the expiration or earlier termination thereof, Subcontractor shall not, directly or indirectly, through any Third Party including but not limited to its officers, directors, employees, stockholders or other principals, engage in any activity for or on behalf of any competitor of Northstar which is the same as or similar to those activities performed by Subcontractor pursuant to this Agreement.

12.2 In addition, for the term of this Agreement (as may be extended by Northstar in its discretion pursuant to Section 2 hereof) and twelve (12) months after the expiration or earlier termination thereof, Subcontractor shall not disturb or interfere with any business relationship between Northstar or any Northstar Affiliates, and any of its/their employees, customers, retailers, suppliers or other business associates.

12.3 The provisions of this Section 12 shall survive the expiration or earlier termination of this Agreement.

13. REPRESENTATIONS AND WARRANTIES

Subcontractor makes the following representations and warranties to Northstar and acknowledges that Northstar is relying upon such representations and warranties in entering into this Agreement:

13.1 **Organization.** Subcontractor is duly organized, validly existing and in good standing under the laws of the State of its organization. Subcontractor is qualified and registered to transact business in the State of New Jersey, with a valid Business Registration Certificate on file with the New Jersey Division of Revenue and Enterprise Services.

13.2 **Power and Authority.** Subcontractor has the power and authority to enter into and perform this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof. Subcontractor warrants that its execution of this Agreement will not breach any agreement, court order, judgment or decree to which Subcontractor is a party or by which it is bound.

13.3 **Enforceability.** The execution, delivery and performance by Subcontractor of this Agreement has been duly authorized, executed and delivered by Subcontractor and constitutes a valid and legally binding obligation of Subcontractor, enforceable against it in accordance with the provisions hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and the general principles of equity.

13.4 **No Conflicts.** The execution and delivery of this Agreement by Subcontractor, the consummation of the transactions contemplated hereby and the performance by Subcontractor of the terms, conditions and provisions hereof has not and will not contravene or violate or result in a material breach of (with or

without the giving of notice or lapse of time, or both) or acceleration of any material obligations of Subcontractor under (i) any applicable law, (ii) any agreement, instrument or document to which Subcontractor is a party or by which it is bound or (iii) the articles, bylaws or governing documents of Subcontractor.

13.5 Consents. No consent is required to be obtained by Subcontractor from and no notice or filing is required to be given by Subcontractor to or made by Subcontractor with, any person (including any governmental authority) and Subcontractor will maintain in effect any such consent, in connection with the execution and delivery by Subcontractor of this Agreement or the consummation by Subcontractor of the transactions contemplated hereby, except for such consents which have been obtained and notices which have been given as of the date hereof, and except for such consents, the failure of which to obtain or file would not materially impair Subcontractor's execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

13.6 Compliance with Laws; Certifications and Acknowledgments; Litigation. Subcontractor is in compliance in all material respects with all applicable laws. There is no action, suit or proceeding, at law or in equity, or before or by any governmental authority, pending nor, to Subcontractor's knowledge, threatened against Subcontractor, which could reasonably be expected to have a material adverse effect on (i) the ability of the Parties to consummate the transactions contemplated by this Agreement or (ii) the validity or enforceability of this Agreement.

13.7 Ineligibility. Subcontractor is not debarred or prohibited from public contracting by any public entity in the State of New Jersey.

13.8 Brokers. There are no investment bankers, brokers or finders which have been retained by or are authorized to act on behalf of Subcontractor or any of its affiliates who might be entitled to any fee or commission in connection with this Agreement and/or the transactions contemplated hereby.

13.9 No Inducements. Subcontractor warrants that neither it nor any of its Affiliates, Representatives, or Subcontractor personnel, has accepted or shall accept anything of value based on an understanding that the actions of Subcontractor, any such Affiliates, Representatives or Subcontractor personnel, would be influenced thereby in connection with this Agreement. No unlawful commission, payment, kickback, lavish or extensive entertainment or other inducement or thing of value has been or will be promised, paid, made or given by Subcontractor or any of its Affiliates, Representatives, or Subcontractor personnel, to any Party in connection with this Agreement.

13.10 Suitability. Subcontractor and any Subcontractor personnel are qualified to provide the Services hereunder.

13.11 Financial Condition. Subcontractor as of the Effective Date of this Agreement possesses and will maintain throughout the term (as may be extended by Northstar in its discretion pursuant to Section 2 hereof) of this Agreement, sufficient financial resources to comply with all of the requirements of Subcontractor under this Agreement, including but not limited to any contingent obligations under any subcontract or vendor contract entered into by Subcontractor in connection herewith. If Subcontractor experiences a change in its financial condition that would materially and adversely affect its ability to perform under this Agreement, then it promptly shall notify Northstar of such change. Any financial statements, reports and other information furnished by Subcontractor to Northstar as part of its Proposal or otherwise in connection with the award of this Agreement fairly and materially accurately

represent the business, properties, financial condition and results of operations of Subcontractor as of the respective dates, or for the respective periods, covered by such financial statements, reports or other information. Since the respective dates or periods covered by such financial statements, reports or other information, there has been no material adverse change in the business, properties, financial condition or results of operations of Subcontractor.

13.12 No Litigation. There is no pending or, to its knowledge, anticipated claim, suit or proceeding that involves Subcontractor that would materially and adversely affect Subcontractor's ability to perform its obligations under this Agreement. At all times during the term (as may be extended by Northstar in its discretion pursuant to Section 2 hereof) of this Agreement, Subcontractor shall notify Northstar, within a reasonable period of time after Subcontractor's knowledge of any such claim, suit or proceeding initiated by or against Subcontractor that would materially adversely affect Subcontractor's ability to perform under this Agreement.

13.13 Non-Infringement; Authority to Grant Rights. To Subcontractor's knowledge, the Subcontractor's intellectual property and the Subcontractor's Services and Northstar's use (in compliance with this Agreement) thereof, will not infringe, misappropriate or violate any intellectual property rights of any Third Party. Subcontractor (a) has the right to grant the rights and/or licenses granted to Northstar in this Agreement and (b) is the owner of or authorized to use all Subcontractor intellectual property.

13.14 Information Furnished. To the best of Subcontractor's knowledge after due inquiry, (a) the information and disclosures provided by Subcontractor for inclusion in its Proposal, and (b) all the information provided by Subcontractor made a part of this Agreement, in each case, contains no untrue statement of a material fact or omits any material fact necessary to make such information not misleading.

13.15 Sales and Use Tax. Subcontractor and its Affiliates are in compliance with the requirements of the Sales and Use Tax Act (N.J.S.A. 54:32B-1 et seq.) on sales of tangible personal property delivered into the State of New Jersey.

13.16 Prevailing Wage and Public Works. If applicable, Subcontractor is in compliance with the Prevailing Wage Act and the Public Works Registration Act. Pursuant to N.J.S.A. 34:11-56.58 et seq., in any contract for building services, as defined in N.J.S.A. 34:11-56.59, Subcontractor (and any subcontractor or independent contractor thereof) will pay its employees the prevailing wage for building services rates, as defined in N.J.S.A. 34:11-56.59, and adjust the prevailing wage annually during the term of such contract.

13.17 Public Works Contractor Registration. If engaged for public work as defined in N.J.S.A. 34:11-56.26, Subcontractor is registered with the New Jersey Department of Labor and Workforce Development. (Any questions regarding the registration process should be directed to the Division of Wage and Hour Compliance at 609-292-9464).

13.18 Equal Employment Opportunity.

13.18.1 Subcontractor will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex or any other protected category set forth in N.J.S.A. 10:5-12(a). Subcontractor will ensure that equal employment opportunity is afforded to such

applicants in recruitment and employment and that all employees are treated during employment without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex or any other protected category set forth in N.J.S.A. 10:5-12(a). Such equal employment opportunity shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Subcontractor will post in conspicuous places available to employees and applicants for employment, notices to be provided by the New Jersey Division of Lottery compliance officer setting forth provisions of this nondiscrimination clause.

13.18.2 Subcontractor will, in all solicitations or advertisements for employees placed by or on behalf of Subcontractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identify or expression, disability, nationality, or sex or any other protected category set forth in N.J.S.A. 10:5-12(a).

13.18.3 Subcontractor will send to each labor union with which it has a collective bargaining agreement, a notice, to be provided by the New Jersey Division of Lottery compliance officer, advising the labor union of Subcontractor's commitments under N.J.A.C. 17:27-3.5 and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

13.18.4 Subcontractor will comply with all provisions of the Americans with Disabilities Act, in accordance with 42 U.S.C. 12101 et seq.

13.18.5 Subcontractor will comply with any regulations promulgated by the Treasurer of the State of New Jersey pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time.

13.18.6 Subcontractor will make good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. 17:27-5.2.

13.18.7 Subcontractor will inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, and labor unions, that it does not discriminate on the basis of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex or any other protected category set forth in N.J.S.A. 10:5-12(a), and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

13.18.8 Subcontractor will revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job-related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable federal law and applicable federal court decisions.

13.18.9 In conforming with targeted employment goals, Subcontractor will review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex or any other protected category set forth in N.J.S.A. 10:5-12(a), consistent with the statutes and court decisions of the State of New Jersey, and applicable federal law and applicable federal court decisions.

13.19. Foreign Sources. If the Subcontractor has been engaged primarily for the performance of services, pursuant to N.J.S.A. 52:34-13.2, Subcontractor shall perform all services within the United States of America, except when the Director of the New Jersey Division of Purchase and Property certifies in writing a finding that a required service cannot be provided by a supplier within the United States of America and the certification is approved by the State Treasurer.

13.20 Non-Collusion. The undersigned executing the Subcontract Agreement on behalf of Subcontractor hereby certifies that he or she is the duly authorized representative, agent, member or officer of Subcontractor, and he or she hereby certifies that he or she has not, nor has any other member, employee, representative, agent or officer of the Subcontractor, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he or she has not received or paid, any sum of money or other consideration for the execution of this Subcontract Agreement other than that which appears expressly on the face of this Subcontract Agreement.

13.21 Standard Prohibiting Conflicts of Interest. Subcontractor acknowledges and agrees that:

a. Subcontractor shall not pay, offer to pay, or agree to pay, either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any State officer or employee or special State officer or employee, as defined by N.J.S.A. 52:13D-13b and e, in the Department of the Treasury or any other agency with which Subcontractor transacts or offers or proposes to transact business, or to any member of the immediate family, as defined by N.J.S.A. 52:13D-13i, of any such officer or employee, or partnership, firm or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of N.J.S.A. 52:13D-13g.

b. The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any State officer or employee or special State officer or employee from Manager or any Subcontractor shall be reported in writing forthwith by Subcontractor to the Office of the Attorney General for the State of New Jersey and the Executive Commission on Ethical Standards.

c. Subcontractor may not, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in Subcontractor to, any State officer or employee or special State officer or employee having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to any State agency or any instrumentality thereof, or with any person, firm or entity with which he is employed or associated or in which he has an interest within the meaning of N.J.S.A. 52:130-13g. Any relationships subject to this provision shall be reported in writing forthwith to the Executive Commission on Ethical Standards, which may grant a waiver of this restriction upon application of the State officer or employee or special State officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality or appearance of a conflict of interest.

d. Subcontractor shall not influence, or attempt to influence or cause to be influenced, any State officer or employee or special State officer or employee in his official capacity in any manner which might tend to impair the objectivity or independence of judgement of said officer or employee.

e. Subcontractor shall not cause or influence, or attempt to cause or influence, any State officer or employee or special State officer or employee to use, or attempt to use, his official position to secure unwarranted privileges or advantages for the Subcontractor or any other person.

The provisions cited above in Sections 13.21 (a) through (e) shall not be construed to prohibit a State officer or employee or special State officer or employee from receiving gifts from or contracting with Subcontractor under the same terms and conditions as are offered or made available to members of the general public subject to any guidelines the Executive Commission on Ethical Standards may promulgate under this Section 13.21 (c).

14. INDEMNIFICATION

14.1 Subcontractor shall indemnify and hold harmless Northstar, the State, the New Jersey Division of Lottery, and their officers, agents, employees and Affiliates from and against any and all liability including but not limited to all claims, demands, losses, costs, damages and expenses of every kind and description for harm or injury to persons (including death) or damage to property arising out of or in connection with Subcontractor's performance of this Subcontract where such liability is founded upon or grows out of the acts or omissions of Subcontractor, its officers, employees, agents or independent contractors or subcontractors (or subcontractors or independent contractors thereof).

14.2 Notwithstanding the requirements contained in Section 14.1, Subcontractor shall indemnify and hold harmless Northstar, the State, the New Jersey Division of Lottery, and their officers, agents, employees and Affiliates from and against any and all liability of every nature and kind and description for or on account of any deliverable and/or Services provided under or in connection with this Agreement by Subcontractor or Subcontractor's officers, employees, agents or independent contractors or subcontractors (or subcontractors or independent contractors thereof) infringing any patent, trademark or copyright or misappropriating any trade secret of a Third Party, and the Subcontractor's use or the use of Subcontractor's officers, employees, Affiliates, agents or independent contractors or subcontractors (or subcontractors or independent contractors thereof) of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of this Contract.

14.3 Subcontractor's indemnification obligation is not limited by but is in addition to the Subcontractor's insurance obligations contained in this Agreement.

15. LOBBYING AND CERTAIN COMMUNICATIONS

15.1 Under no circumstances shall the Subcontractor or any officer, employee or Affiliate of the Subcontractor perform lobbying services for Northstar or otherwise approach on Northstar's behalf, or represent or purport to represent Northstar before, any governmental office, agency, branch or body, or make political contributions on behalf of Northstar.

15.2 The Subcontractor shall not issue any written or oral statement or other communication to any press or other media organization regarding Northstar or any of its Affiliates, the State of New Jersey, the Division of Lottery, or Subcontractor's engagement as a provider of Services to Northstar, unless specifically directed or permitted to do so in advance in writing by an officer of Northstar or an authorized Northstar representative.

16. NOTICES

All required Notices shall be in writing and made by email or by certified (or registered) mail return receipt requested to Northstar at the address below unless Northstar notifies Subcontractor in writing of any changes:

If to Northstar:

**Northstar New Jersey Lottery Group, LLC 1333
Brunswick Avenue, Suite 400
Trenton NJ 08648
Attn: Vince Smart, Senior Director of Marketing
Email: vincent.smart@nsnj.com**

If to Subcontractor:

Attn: _____ **Email:** _____

17. INTEGRATION; AMENDMENT

17.1 This Agreement, including the documents incorporated herein by reference, represents the entire agreement and understanding of the Parties with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the Parties in connection therewith.

17.2 This Agreement may not be amended, supplemented or modified except by a written agreement signed by both Parties.

18. FORCE MAJEURE

If Subcontractor is prevented from performing any of its obligations in whole or in part under this Subcontract because of a Force Majeure Event, as defined below, then such nonperformance shall not be grounds for the assessment of damages or any other remedy. Immediately upon the occurrence of a Force Majeure Event, the Subcontractor shall use its best efforts to provide to the fullest extent practicable, comparable performance. Comparability will be determined by Northstar, and such determination shall be reasonable under the circumstances. During any such period, Subcontractor shall continue to be responsible for all the costs and expenses related to such alternative performance. This Section shall not be construed as relieving Subcontractor of its responsibility for any obligation or for any obligation being performed by a lower tier subcontractor or supplier of services, unless such subcontractor or supplier was prevented from performing such obligation by a Force Majeure Event. For purposes of this Section, "Force Majeure Event" means: (a) fire, flood, earthquake, pandemics, elements

of nature or acts of God; wars (declared and undeclared), acts of terrorism, sabotage, riots, civil disorders, rebellions or revolutions; or (c) acts of any Governmental Authority with respect to any of the foregoing, except, in each case, to the extent that the Subcontractor is at fault in failing to take reasonable precautions to prevent or causing such default or delay, and provided that such default or delay cannot reasonably be circumvented by the Subcontractor through the use of reasonable alternate sources, work-around plans or other means.

19. BINDING EFFECT; SEVERABILITY

19.1 This Agreement shall be binding upon and inure to the benefit of the Parties hereto and to their respective successors, assigns, heirs, executors and administrators.

19.2 If any provision of this Agreement is illegal or unenforceable in whole or in part for any reason whatsoever, the remaining provisions shall nevertheless be deemed valid and binding.

20. GOVERNING LAW; JURISDICTION

20.1. The validity, interpretation and enforcement of this Agreement shall be governed by the laws of the State of New Jersey, without resort to its rules regarding conflict of laws.

20.2 The location of any action or proceeding commenced under or pursuant to this Agreement shall be in New Jersey; with respect to any such action or proceeding, each Party hereby consents to personal jurisdiction in New Jersey and to service of process as provided by law.

21. COMPLIANCE WITH LAWS

This Agreement and all obligations hereunder are subject to all applicable laws, regulations, rules and orders of any authorized court or agency of federal, State or local governments ("Laws"). Should any such Laws be incompatible with the execution and performance of this Agreement, the Parties will cooperate to modify this Agreement to comply with such Laws. However, if such Laws prohibit the execution or performance of this Agreement, then this Agreement will terminate without any further obligation to either Northstar or Subcontractor; provided, however, that Northstar will pay Subcontractor all amounts due for the services provided by Subcontractor under this Agreement up to and including the effective date of termination.

22. HEADINGS

The Headings used in this Agreement are for convenience only and shall not affect the interpretation of any of the provisions of this Agreement.

23. NEWS RELEASES

Subcontractor shall not issue news or press releases or make any statements to the news media pertaining to the subject of this Subcontract Agreement without the prior written approval of Northstar.

24. NO WAIVER

24.1 No waiver of any provision of this Agreement shall be effective unless agreed to in writing by the Party against whom such waiver is sought to be enforced.

24.2 Waiver of any default or breach hereunder shall not constitute a waiver of any other default or breach whether similar or otherwise.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

Subcontractor

Northstar New Jersey Lottery Group, LLC

Signature

Signature

Printed Name

Printed Name

Title

Title