



REQUEST FOR PROPOSALS

FOR

ADVERTISING AGENCY SERVICES

RFP #14-S-0002

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New Jersey **Lottery**
Give Your Dreams A Chance®



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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 (RFP), Northstar is soliciting competitive Proposals for Advertising Agency Services, including (1) Creative and Coordinating Advertising Services, and (2) Media Planning and Buying Services. Northstar's goal is to award a subcontract covering each of those two types of services to a successful Bidder or Bidders to provide Advertising Agency Services to Northstar for the benefit of the New Jersey Lottery.

Two Phase Competition: Northstar intends to conduct the competition in two phases.

- In Phase 1, any interested firm 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 5 in each of the two 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 only for one of the two 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 2 hours. Northstar will evaluate and assign a score to each of the finalists' Proposals and rank the Proposals in each of the two service areas. Northstar will then issue a notice of award to the Bidder(s) receiving the highest score in each of the two service areas and proceed to signing either two subcontracts (one for each of the service areas) or a single subcontract (if one 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 service areas until both the subcontracts are successfully awarded and signed.

Joint Proposals Permitted: In response to this RFP, a combination of two or more qualified advertising agencies may submit a joint Proposal or Proposals seeking either or both of the available subcontracts. A joint proposal must clearly identify one company to serve as the principal subcontractor, which will be responsible for the performance of all participants in the joint Proposal. If a firm intends to participate in a joint Proposal, each participating firm must be identified in Phase 1 of the competition together with all the other intended participants in the joint Proposal, and each of the intended participants must submit a completed Agency Fact Sheet for Phase 1 evaluation.

Current Program: Under the Services Agreement, Northstar is responsible for administering a comprehensive marketing and advertising program to promote the sale of New Jersey Lottery tickets. Northstar currently relies on Brushfire, Inc. (Brushfire) for Advertising Agency Services under a contract awarded to Brushfire by the State of New Jersey in January 2009 after Brushfire

completed an earlier contract term that began in 2004. Brushfire’s 2009 contract was assigned by the State to Northstar in January 2014 for a term now scheduled to expire on June 30, 2014.

Subcontract(s) to be Awarded: Northstar intends that a successful Bidder or Bidders will enter into a subcontract or subcontracts with Northstar 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, 2014, with two extension options for additional fourth and fifth years. Interested firms may compete for one or both of the subcontracts in the specified areas. This RFP seeks competitive proposals for services in two specified areas, but Northstar reserves the right to award a subcontract for one 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 contributions to education and State institutions benefiting the citizens of New Jersey through the sale of lottery tickets. This is accomplished by providing entertaining games 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. Legislation to implement the amendment earmarked Lottery net revenues for education and State institutions.

Lottery ticket sales began in December 1970. Since then, the Lottery has contributed more than \$22 billion to help the State fund these programs. 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 over the past few years, 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 a white ball bearing a map of the State superimposed on a four-leaf clover, all surmounted by a rainbow of stars) and tagline (“Give Your Dreams a Chance”) are the principal marks currently used to identify the Lottery brand. See 1.1.19.3, Marketing Communications Objectives, for details on the brand.

1.1.3 REVENUES BY GAME

Revenues have increased steadily over the more than four-decade history of the Lottery. In the first full year of operations, sales were \$72 million. For fiscal year (FY) 2013, sales totaled \$2.821 billion, a 2.2% increase from FY 2012. Sales by game for the last two years were as follows:

	FY 2013 (Millions)	FY 2013 Share of TOTAL SALES	FY 2012 (Millions)	PERCENT CHANGE
Pick-3	\$434.042	15.4%	\$431.483	0.6%
Pick-4	\$266.143	9.4%	\$261.759	1.6%

Jersey Cash 5	\$144.393	5.1%	\$142.219	1.5%
Pick-6 Lotto	\$65.323	2.3%	\$84.162	-22.4%
Mega Millions	\$136.833	6.0%	\$238.194	-42.6%
Powerball	\$300.381	10.7%	\$183.893	38.8%
Instant Games	\$1,474.285	52.3%	\$1,417.664	4.0%
Sales Discounts			(\$.475)	
TOTAL	\$2,821.400	-	\$2,758.899	2.7%

By law, a minimum of 30 percent (30%) of total lottery ticket sales revenues must be contributed to the State for educational programs and institutional support. The Lottery contribution has historically exceeded that minimum requirement. For example, in FY 2012, \$950 million, or 34%, of total lottery ticket sales revenues, was contributed to the State.

1.1.4 BENEFICIARY PROGRAMS

The Lottery beneficiaries receiving funding to support programs are quite varied and cover a broad spectrum of activities, as shown below.

FY 2012
(amounts in 1,000s)

Department of Agriculture

School Nutrition \$2,664

Department of Education

Marie Katzenbach School for the Deaf	\$1,850	
Non-public School Aid	\$41,973	
Statewide Assessment Program (Grades 4, 8, 11)	\$8,848	
School Construction and Renovations	\$38,915	
Total Department of Education		\$91,586

Higher Educational Services

Senior Public Institutions – Operating Aid	\$340,048	
Tuition Aid Grants	\$142,844	
Higher Education Capital Improvement Plan – Debt Service	\$9,770	
Aid to County Colleges for Operational Costs	\$56,230	
Coordinated Garden State Scholarship Program	\$1,562	
Student Tuition Assistance Reward Scholarships (NJSTARS)	\$4,720	
Opportunity Program Grants	\$12,111	
Supplementary Education Program Grants	\$6,076	
Veterinary Medicine Education	\$38	
Total Higher Educational Services		\$573,399

Department of Human Services

Centers for Developmentally Disabled	\$78,918	
State Psychiatric Hospitals	\$165,413	
Total Department of Human Services		\$244,331

Department of Military and Veterans Affairs

Homes for Disabled Soldiers \$38,102

Total Revenue Realized – GAAP Basics

\$950,082

1.1.5 ORGANIZATION

The Division of Lottery is governed by the State Lottery Commission, which consists of seven members, including six, non-salaried bi-partisan members appointed by the Governor with the advice and consent of the State Senate. The seventh member is the State Treasurer, who serves ex officio.

The Lottery's chief operating officer is the Executive Director, who also serves as Secretary to the Commission.

The Lottery has actual control and oversight over the conduct of all Lottery operations and complete authority to direct or countermand Northstar's operating decisions. The Lottery has a staff of approximately 100 members, and is specifically responsible, under the Services Agreement, for 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.

Northstar has a staff of approximately 110 members. Under the Services Agreement, Northstar is specifically 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, branding, loyalty programs, sponsorships, the responsible gaming program, and additional work customarily associated with business operations. Northstar is responsible for the award of subcontracts pursuant to this RFP, and Northstar will be responsible for management of the subcontracts and day-to-day coordination with the subcontractor(s) and the Lottery.

There are 4 Sales Districts that support both independent and chain-store retailers, with a combined sales staff of 84 employees. The individual sales districts service Lottery retailers throughout their districts and provide support services, training, and advice to retailers on sales and merchandising techniques. Business Development Associates recommend businesses for licensure as Lottery retailers.

1.1.6 LOTTERY DRAWINGS

Lottery drawings are currently conducted and broadcast live on CBS-owned television stations WLNY in New York and WPSG in Philadelphia and simulcast on the Lottery's website at 7:57 pm every day except Christmas. Midday drawings at 12:57 pm every day except Christmas are only shown on the Lottery's website. In addition, the Mega Millions and Powerball drawings are broadcast from the other States where those drawings are conducted by other State Lotteries that participate with New Jersey in those multi-state games. The Lottery is committed to continuing live television drawings in the future. Responsibility for managing the draw station relationship will rest with the successful Media Planning and Buying Services subcontractor.

The Lottery operates a television studio at 1333 Brunswick Avenue, Trenton NJ that is used for the production and broadcast of Lottery drawings. As of the issuance of this RFP, a renovation of the studio is substantially complete. During the term of the subcontract(s) to be issued pursuant to this RFP, additional renovation may be undertaken and the Advertising Agency subcontractor(s) may be required to provide support for such additional renovation and for

creative oversight of drawing productions, including refreshing studio graphics, talent, and musical signatures.

1.1.7 LOTTERY PLAYER DEMOGRAPHICS

A 2012 New Jersey Lottery Attitude and Usage Market Research Study produced the findings shown in the following two tables:

	2012 n=	New Jersey Adults 1219	Current Players 949	Lapsed Players 164	Non Players 106
Gender	Male	48%	48%	49%	42%
	Female	52%	52%	51%	58%
Age	18-34	28%	27%	22%	52%
	35+	72%	73%	78%	48%
Employment	FT (more than 30 hrs/wk)	46%	46%	48%	35%
	PT (less than 30 hrs/wk)	10%	10%	12%	7%
	Self-employed	5%	5%	1%	2%
	Homemaker	5%	5%	4%	7%
	Student	8%	8%	3%	25%
	Retired	20%	20%	21%	21%
	Not currently in workforce	6%	6%	11%	4%
Education	Some HS	0%	0%	1%	-
	Completed HS	10%	10%	10%	9%
	Tech or Voc post HS	5%	6%	1%	1%
	Some College	25%	25%	22%	26%
	Bachelor's Degree	35%	34%	39%	35%
	Post-graduate Degree	25%	24%	37%	29%
Income	Less than \$25,000	8%	8%	3%	16%
	\$25,000 to under \$50,000	15%	14%	18%	12%
	\$50,000 to under \$75,000	22%	23%	17%	18%
	\$75,000 to under \$100,000	24%	24%	19%	35%
	\$100,000 to under \$150,000	22%	22%	27%	10%
	\$150,000 or more	10%	9%	15%	8%
Race	White or Caucasian	74%	75%	78%	49%
	Black or African American	15%	14%	11%	24%
	Asian	10%	9%	10%	26%
	Other	2%	2%	0%	1%
Ethnicity	Hispanic or Latino	15%	16%	18%	0%
	Not Hispanic or Latino	85%	84%	82%	100%

	n=	Current Players 949	Heavy Players 318	Medium Players 315	Light Players 316	Lapsed Players 164	Non Players 106
Gender	Male	48%	51%	44%	52%	49%	42%
	Female	52%	49%	56%	48%	51%	58%
Age	18-34	27%	22%	21%	43%	22%	52%
	35+	73%	78%	79%	57%	78%	48%
Employment	Full-Time (more than 30 hrs/wk)	46%	49%	37%	55%	48%	35%
	Part-Time (less than 30 hrs/wk)	10%	12%	10%	7%	12%	7%
	Self-employed	5%	5%	6%	5%	1%	2%
	Homemaker	5%	5%	7%	3%	4%	7%
	Student	8%	3%	9%	14%	3%	25%
	Retired	20%	19%	26%	12%	21%	21%
	Not currently in the workforce	6%	7%	5%	5%	11%	4%
Education	Some HS	0%	-	1%	0%	1%	-
	Completed HS	10%	12%	8%	11%	10%	9%
	Technical /Vocational post HS	6%	3%	8%	6%	1%	1%
	Some College	25%	32%	24%	17%	22%	26%
	Bachelor's Degree	34%	33%	33%	37%	39%	35%
	Post-graduate Degree	24%	20%	25%	29%	27%	29%
Income	Less than \$25,000	8%	8%	5%	12%	3%	16%
	\$25,000 to under \$50,000	14%	13%	15%	14%	18%	12%

	\$50,000 to under \$75,000	23%	20%	30%	18%	17%	18%
	\$75,000 to under \$100,000	24%	31%	19%	22%	19%	35%
	\$100,000 to under \$150,000	22%	20%	19%	28%	27%	10%
	\$150,000 or more	9%	7%	13%	6%	15%	8%
Race	White or Caucasian	75%	68%	86%	66%	78%	49%
	Black or African American	14%	22%	9%	13%	11%	24%
	Asian	9%	8%	3%	18%	10%	26%
	Other	2%	2%	2%	4%	0%	1%
Ethnicity	Hispanic or Latino	16%	18%	13%	16%	18%	0%
	Not Hispanic or Latino	84%	82%	87%	84%	82%	100%

1.1.8 VIP CLUB

The Lottery VIP Club operates through the Lottery's website. Membership is free. Individuals register to become members by accessing the website and providing name, mailing and email addresses and basic demographic information. Membership benefits include exclusive access to second chance drawings in the LOTTERY BONUS ZONE and MILLION DOLLAR REPLAY programs, and daily email reports of winning numbers and jackpot amounts. Current VIP Club membership includes over 270,000 members.

1.1.9 LOTTERY WEBSITE

The Lottery's consumer-facing website at njlottery.net receives over 4.7 million visits per month, including over 1.2 million unique monthly visitors. The average time of each visit to the website is 4 minutes and 22 seconds. The Lottery also has a retailer website to provide specialized information for licensed lottery agents. Both websites will be updated during the term of the subcontracts to be awarded pursuant to this RFP.

1.1.10 RETAILER NETWORK

The Lottery Retailer Network consists of approximately 6,760 licensed agents, of which approximately 20% are chain stores and approximately 80% are independently owned. By June 30, 2015, the network is expected to grow to approximately 7,100 retailers. These businesses provide the Lottery's day-to-day contact with players and potential players. To sell tickets for draw-based games (e.g., Pick-3, Pick-4, Mega Millions, Powerball) and to validate winning tickets in draw-based and Instant games (i.e., "scratch-offs," such as Win for Life), Retailers use dedicated computer terminals connected to a communications network and gaming system provided by Northstar. Over 1,400 Retailer locations are also equipped with Instant Ticket Vending Machines or Self-service machines.

Licensed Retailers receive a 5% sales commission and 1.25% for cashing winning tickets valued at up to \$599, as well as other sales bonuses.

Aside from the independent and chain store licensed retail stores, Lottery tickets are sold at Garden State Parkway and New Jersey Turnpike rest stops, Atlantic City casinos, and at the Prudential Center arena. Lottery tickets are also sold at events and festivals throughout the State through the Lottery's promotional trailer.

The Lottery communicates with the Retailer Network through a monthly Retailer Focus newsletter, network messages displayed on Lottery terminals, the Retailer website, and a field staff of 56 Lottery Sales Representatives, 8 Business Development Associates, 4 Retail Optimization Specialists, and 4 Corporate Account Representatives.

1.1.11 HISTORICAL MEDIA EXPENDITURES

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

Category	FY2013	FY2012	FY2011	FY2010
Television	\$6.149	\$4.680	\$1.617	\$1.406
Radio	\$7.632	\$8.101	\$3.566	\$2.999
Out-of-Home	\$3.495	\$3.618	\$2.639	\$2.171
Print	\$0	\$0.511	\$0.240	\$0.140
Internet	\$1.220	\$1.153	\$0.280	\$0.020
TOTALS	\$18.497	\$18.065	\$8.344	\$6.737

1.1.12 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 bordering States in the multi-state Mega Millions and Powerball games, and plans to launch a multi-state Cash-4-Life game with New York later this year). In-state wagering competition comes from Atlantic City casinos (which offer statewide Internet gambling) and horse racing tracks. Numerous casinos are located in the surrounding States, and unsanctioned poker, sports betting, and other forms of gambling are available on the Internet and elsewhere in the underground economy. The State of New Jersey supports licensed sports betting and is active in efforts to reverse current federal legal restrictions.

1.1.13 PRODUCT OVERVIEW

1.1.13.1 PICK-3

Pick-3 was introduced in 1975. Pick-3 is the three-digit numbers game offered two (2) times per day seven (7) days a week. Drawings for the Pick-3 winning numbers are televised both midday and evening. There is no drawing on Christmas Day. The cost per play is fifty cents, and the game can be played in a variety of ways. A straight bet is played by selecting any three-digit number between 000 and 999. To win, a player's ticket must match the winning three-digit number in exact order. A box bet is played by selecting any three-digit number between 000 and 999. To win, a player's ticket must match the winning three-digit number in any order. A pair bet is played by selecting the first two digits (front pair), last two digits (back pair), or the first and last digits (split pair) of a three-digit number. To win, a player's ticket must match the two digits (pair) of the winning three-digit number. In addition, Pick-3 bets can be wheeled, meaning any combination of the three-digit number will be wagered as a straight bet.

Other features of the Pick-3 game include advance betting up to seven (7) days two (2) times per day, and Quick-3, which allows the gaming terminal to randomly select three (3) digits for the player.

- **Odds of winning and average payouts:**

<u>Bet Type</u>	<u>Odds</u>	<u>Average Prize</u>
Straight	1,000 to 1	\$275.00
Box	333 to 1	\$91.50

Pairs	100 to 1	\$27.50
6-way wheel	167 to 1	\$275.50
3-way wheel	133 to 1	\$275.00

- **Reasons to Play**

"I believe I can win a top prize in this game," (44%). "I prefer playing this game because the odds of winning any prize are better than other games." (41%).

- **Sales**

A ten-year review of Pick-3 shows total sales of \$4,457,863,890. In 2013, Pick-3 sales accounted for 15.4% of all Lottery sales.

<u>FY</u>	<u>Sales</u>	<u>\$ Change from Prior Year</u>	<u>% Change from Prior Year</u>
2013	\$434,042,304	\$2,559,159	0.6%
2012	\$431,483,145	(\$3,830,893)	-0.9%
2011	\$435,314,038	\$42,091	0.0%
2010	\$435,271,947	(\$12,902,890)	-2.9%
2009	\$448,174,837	(\$8,833,520)	-1.9%
2008	\$457,008,357	\$8,201,039	1.8%
2007	\$448,807,318	(\$9,909,608)	-2.2%
2006	\$458,716,926	\$2,134,382	0.5%
2005	\$456,582,544	\$4,120,070	0.9%
2004	\$452,462,474	(\$15,144,470)	-3.2%

- **Market Situation**

Pick-3 is one of the Lottery's most mature products. The addition of a mid-day drawing, several game promotions, and advertising support have been used to address sales declines and stabilize annual sales totals.

1.1.13.2 PICK-4

Pick-4 was introduced in 1977. Pick-4 is the four-digit numbers game offered two (2) times per day, seven (7) days a week. Drawings of the Pick-4 winning number are televised mid-day and in the evening. The cost per play is fifty (50) cents and the game can be played two ways. A straight bet is played by selecting any four-digit number between 0000 and 9999. To win, a player's ticket must match the four-digit winning number in exact order. A box bet is played by selecting any four-digit number between 0000 and 9999. There are four options for the Box Bet. To win, a player must match the four-digit number in any order.

Other game features of Pick-4 are that it can be played two (2) times per day for up to seven (7) days in advance and a Quick-4, which allows the gaming terminal to randomly select the four (4) digits for the player.

- **Odds of winning and average payouts:**

<u>Bet Type</u>	<u>Odds</u>	<u>Average Prize</u>
Straight	10,000 to 1	\$2,788.00
4-Way Box	2,500 to 1	\$697.00*
6-Way Box	1,667 to 1	\$464.50
12-Way Box	833 to 1	\$232.00
24-Way Box	417 to 1	\$116.00

*A prize of \$599.50 or less can be paid at a retailer location shortly after the televised drawing.

- **Reasons to Play**

"I believe I can win a top prize in this game." (44%). "I prefer playing this game because the odds of winning any prize are better than other games." (41%).

- **Sales**

A ten-year review of Pick-4 shows total sales of \$2,624,182,527. In 2013, Pick-4 accounted for 9.4% of all Lottery sales.

<u>FY</u>	<u>Sales</u>	<u>\$ Change from Prior Year</u>	<u>% Change from Prior Year</u>
2013	\$266,142,981	\$4,384,195	1.7%
2012	\$261,758,786	\$3,479,483	1.3%
2011	\$258,279,303	(\$5,853,591)	-2.2%
2010	\$264,132,894	(\$1,320,781)	-0.5%
2009	\$265,453,675	\$175,492	0.1%
2008	\$265,278,183	\$9,268,412	3.6%
2007	\$256,009,771	(\$4,257,698)	-1.6%
2006	\$260,267,469	(\$4,739,500)	-1.8%
2005	\$265,006,969	\$3,154,473	1.2%
2004	\$261,852,496	(\$15,144,470)	-3.2%

- **Market Situation**

Since Pick-4 players also tend to be Pick-3 players, the promotional programs for the Pick-3 game, as well as the addition of mid-day drawings in both games, have been used to address Pick-4 sales declines and stabilize annual sales totals.

1.1.13.3 JERSEY CASH 5

Jersey Cash 5 is a cash lotto game that was introduced in 1992 with one (1) 5-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. Over the years, the matrix and prize structure have been changed; since 2003, Jersey Cash 5 has used a 5/40 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.

- **Odds of winning and average payouts:**

<u>Match</u>	<u>Prize</u>	<u>Odds</u>	<u>Average Prize</u>
5 of 5	Jackpot	1 : 658,008	Jackpot*
4 of 5	Second	1 : 3,760	\$500*
3 of 5	Third	1 : 111	\$11*

*Prize amounts are estimates based on odds, expected sales, and one jackpot winner.

- **Reason to Play**

Players cite the reason to play as Jersey Cash 5 offers a good chance of winning.

- **Sales**

A ten-year review of Jersey Cash 5 shows total sales of \$1,332,274,138. Jersey Cash 5 sales represented 5.1% of total Lottery sales in Fiscal Year 2013.

<u>FY</u>	<u>Sales</u>	<u>\$ Change from Prior Year</u>	<u>% Change from Prior Year</u>
2013	\$144,392,456	\$2,173,182	1.5%
2012	\$142,219,274	(\$4,144,731)	-2.8%
2011	\$146,364,005	\$2,386,551	1.7%
2010	\$143,977,454	\$5,004,240	3.6%
2009	\$138,973,214	\$6,473,413	4.9%
2008	\$132,499,801	\$13,234,457	11.1%
2007	\$119,265,344	(\$6,637,748)	-5.3%
2006	\$125,903,092	\$2,649,857	2.1%
2005	\$123,253,235	\$7,826,972	6.8%
2004	\$115,426,263	\$47,179,777	69.1%

- **Market Situation**

Jersey Cash 5 has been supported with a variety of promotions and television, radio, out-of-home and point-of-sale advertising.

1.1.13.4 INSTANT MATCH

Instant Match is an instant win feature that can be added to Pick-3, Pick-4, and Jersey Cash 5 wagers. It was introduced as Bonus Match in 2002 and re-launched as Instant Match in 2004.

To play Instant Match, a player selects a Pick-3, Pick-4, or Jersey Cash 5 number selection, bet type, and wager amount and pays an additional \$1. The gaming terminal prints a set of Instant Match numbers with a corresponding prize amount at the bottom of the Pick-3, Pick-4, or Jersey Cash 5 ticket. Top prize is \$500. A player wins by matching any of the selected Pick-3, Pick-4, or Jersey Cash 5 numbers, in any order, to any of the Instant Match numbers. Matching one or more numbers in any position wins the corresponding prize instantly, and a winning ticket can be

cashied immediately at the retailer location.

- **Odds and Prizes:**

<u>Prize amount</u>	<u>Odds of Winning</u>	<u>Winners per 150,000</u>
\$2	1 : 10	15,000
\$5	1 : 37	4,054
\$10	1 : 65	2,308
\$20	1 : 200	750
\$50	1 : 2,000	150
\$100	1 : 25,000	6
\$500	1 : 75,000	2

- **Reason to Play**

“This game is a good value for the money.” (40%).

- **Market Situation**

Instant Match sales make up a small percentage of Pick-3, Pick-4, and Jersey Cash 5 sales.

1.1.13.5 PICK-6 LOTTO

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

- **Odds of winning and average payouts:**

<u>Bet Type</u>	<u>Prize</u>	<u>Odds (per \$1 play)</u>	<u>Average Prize*</u>
6 of 6	Jackpot	1 : 13,983,816	Jackpot*
5 of 6	Second	1 : 54,201	\$2,700*
4 of 6	Third	1 : 1,032	\$56*
3 of 6	Fourth	1 : 57	\$3

*Average prizes are pari-mutuel and are based on sales and number of winners with the exception of the \$3 prize, which is a fixed amount prize.

- **Reason to Play**

Players say the reason to play is a chance to change their lives. Some play with their families and friends and consider playing Pick-6 Lotto exciting and fun.

- **Sales**

Sales of lotto games are dependent on jackpot amounts. Without large jackpots, sales remain flat or decline. Since the introduction of the multi-state mammoth jackpot games

Mega Millions and Powerball, sales of Pick-6 Lotto have followed a downward trend. In FY 2013, Pick-6 Lotto represented 2.3% of total Lottery sales.

<u>FY</u>	<u>Sales</u>	<u>\$ Change from Prior Year</u>	<u>% Change from Prior Year</u>
2013	\$65,323,206	(\$18,838,358)	-22.4%
2012	\$84,161,564	\$15,630,827	22.8%
2011	\$68,530,737	(\$13,385,602)	-16.3%
2010	\$81,916,339	(\$8,252,997)	-9.2%
2009	\$90,169,336	\$3,947,276	4.6%
2008	\$86,222,060	(\$1,226,460)	-1.4%
2007	\$87,448,520	(\$15,284,340)	-14.9%
2006	\$102,732,860	(\$7,250,677)	-6.6%
2005	\$109,983,537	(\$20,791,023)	-15.9%
2004	\$130,774,560	\$3,609,120	2.8%

- **Market Situation**

Despite being overshadowed by Mega Millions and Powerball, as the original New Jersey lotto game, Pick-6 Lotto continues to have a core following of regular players.

1.1.13.6 MEGA MILLIONS

New Jersey's first multi-state lotto game began as The Big Game in 1999, when it was introduced in cooperation with 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 also joined in 2002, and California was added in 2005. In 2010, State Lotteries agreed to permit cross-sales of Mega Millions and Powerball across the country. 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 is \$1. A player must choose 5 numbers between 1 and 75, plus 1 Mega Ball number between 1 and 15, or choose the Quick Pick option to have the number selections made randomly by the gaming terminal. To win the jackpot, the numbers on a player's ticket must match all 5 of the winning numbers plus the Mega Ball number. A matrix change designed to produce higher jackpots was introduced in October 2013. The Megaplier feature, for an additional \$1, offers a chance to multiply non-jackpot prizes by 2, 3, 4, or 5 times the original amount.

- **Odds and Prizes**

<u>Match</u>	<u>Prize*</u>	<u>Odds (per \$1 play)</u>
5 of 5, 1 of 1	Jackpot**	1 : 258,900,000
5 of 5	\$1,000,000	1 : 18,500,000
4 of 5, 1 of 1	\$5,000	1 : 739,688
4 of 5	\$500	1 : 52,835
3 of 5, 1 of 1	\$50	1 : 10,720
3 of 5	\$5	1 : 766
2 of 5, 1 of 1	\$5	1 : 473

1 of 5, 1 of 1	\$2	1 : 56
0 of 5, 1 of 1	\$1	1 : 21

*Subject to published rules of Mega Millions and the New Jersey Lottery, the fixed amount prizes may be changed to pari-mutuel amounts.

**The Jackpot prize is divided equally among multiple winners. The prize is paid in 30 annual installments unless the Cash Option is selected.

- **Reasons to Play**

“I like the top prize associated with this game.” (67%). “I play this game because it is a chance to change my life.” (60%).

- **Sales**

Sales for multi-state lotto games are heavily dependent on jackpot amounts. Without large jackpots, sales remain flat or decrease. That was the case for Mega Millions in FY2013, but the game still accounted for 6% of total Lottery sales for the year.

<u>FY</u>	<u>Sales</u>	<u>\$ Change from Prior Year</u>	<u>% Change from Prior Year</u>
2013	\$136,832,941	(\$101,361,932)	-42.6%
2012	\$238,194,873	\$7,561,351	3.3%
2011	\$230,633,522	(\$76,462,961)	-24.9%
2010	\$307,096,483	\$24,592,080	8.7%
2009	\$282,504,403	(\$16,710,963)	-5.6%
2008	\$299,215,366	\$62,585,828	26.4%
2007	\$236,629,538	(\$80,578,136)	-25.4%
2006	\$317,207,674	\$63,798,620	25.2%
2005	\$253,409,054	\$2,113,303	0.8%
2004	\$251,295,751	\$22,029,905	9.6%

- **Market Situation**

Mega Millions is regularly supported with advertising on television, radio, internet, and billboards for a jackpot awareness program. Twelve (12) jackpot awareness billboards around the State are updated for every drawing. A mix of spot TV, cable TV, and radio advertising supports jackpots at pre-determined thresholds.

1.1.13.7 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 5 numbers from 1 to 59, plus 1 Powerball number from 1 to 35. The Quick Pick option allows the gaming terminal to randomly select number combinations for each play. Advance play is available for up to 8 consecutive drawings. For an additional \$1, the Power Play option gives a player the chance to

multiply non-jackpot prizes up to 4 times.

- **Odds and Prizes**

<u>Match</u>	<u>Prize*</u>	<u>Prizes with Power Play</u>	<u>Approximate Odds</u>
5 of 5, 1 of 1	Jackpot**	Not applicable	1 : 175,223,510
5 of 5	\$1,000,000	\$2,000,000	1 : 5,153,633
4 of 5, 1 of 1	\$10,000	\$40,000	1 : 648,976
4 of 5	\$100	\$200	1 : 19,088
3 of 5, 1 of 1	\$100	\$200	1 : 12,245
3 of 5	\$7	\$14	1 : 360
2 of 5, 1 of 1	\$7	\$14	1 : 706
1 of 5, 1 of 1	\$4	\$12	1 : 111
0 of 5, 1 of 1	\$4	\$12	1 : 55

*Base prize amounts without Power Play option. Pursuant to published rules, the fixed amount prizes may be pari-mutuel.

**The Jackpot prize is divided equally among multiple winners. The prize is paid in 30 annual installments unless the Cash Option is selected.

- **Reasons to Play**

“I like the top prize associated with this game.” (67%). “I play this game because it is a chance to change my life.” (60%).

- **Sales**

Sales for multi-state lotto games are heavily dependent on jackpot amounts. Since Powerball had several large jackpot rollups in FY2013, including two jackpots over \$500 million, the game produced a large increase in sales and accounted for 10.7% of total Lottery sales for the year.

<u>FY</u>	<u>Sales</u>	<u>\$ Change from Prior Year</u>	<u>% Change from Prior Year</u>
2013	\$300,381,206	\$116,488,435	63.3%
2012	\$183,892,771	\$51,109,880	38.5%
2011	\$132,782,891	\$61,566,933	86.5%
2010	\$71,215,958	-	-

- **Market Situation**

Powerball is regularly supported with advertising on television, radio, internet, and billboards for a jackpot awareness program. Twelve (12) jackpot awareness billboards around the State are updated for every drawing. A mix of spot TV, cable TV, and radio advertising supports jackpots at pre-determined thresholds.

1.1.13.8 INSTANT GAMES

Instant games feature tickets with latex coverings that are scratched off to reveal a play area that shows whether the ticket is a winner. Lottery Instant Games were first introduced in 1975 at a \$1

price point with a 50% prize payout. Generally, only one game at a time was on sale, and only about 3 to 4 games were introduced annually. Over the years, instant game offerings have been increased, including multiple games, a variety of price points, and higher payouts.

Currently, the Lottery introduces approximately 48-52 new Instant Games annually and maintains 8 to 10 core games resulting in 26 or more games on sale simultaneously. Limited run games are produced in a limited quantity with a projected sell through rate. Core games remain on sale indefinitely and include “Win \$500 a Week For Life” (\$1), “Win \$1,000 a Week For Life” (\$2), “Win \$2,500 a Week For Life” (\$5), “Crossword” (\$3), “Super Crossword” (\$5), “Classic Bingo” (\$2), “Quarter Million Crossword” (\$10), “Massive Money Bingo” (\$10), “Big Money Spectacular” (\$2), “\$150 Million Spectacular” (\$10) and “Diamond Spectacular” (\$20). Prize payouts range from 55% to 75%, with a limited number of games introduced at up to 77% prize payouts.

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

Several games have developed a loyal following among draw-based game players. Instant Games offer unique opportunities in that they continually change and are responsive to market needs, thereby maintaining player interest. This most versatile Lottery product can be quickly changed and distributed to meet specific market opportunities.

- **Reasons to Play**

”I believe I can win a prize with these games.” (47%).

- **Sales**

Instant Games produce more sales than all other games combined. In FY2013, Instant Games accounted for 52.3% of total sales.

<u>FY</u>	<u>Sales</u>	<u>\$ Change from Prior Year</u>	<u>% Change from Prior Year</u>
2013	\$1,474,285,065	\$56,620,752	4.0%
2012	\$1,417,664,313	\$53,121,243	3.9%
2011	\$1,364,543,070	\$63,050,003	4.8%
2010	\$1,301,493,067	\$30,959,208	2.4%
2009	\$1,270,533,859	(\$13,451,658)	-1.0%
2008	\$1,283,985,517	\$90,857,821	7.6%
2007	\$1,193,127,696	\$51,383,882	4.5%
2006	\$1,141,743,814	\$75,612,900	7.1%
2005	\$1,066,130,914	\$92,497,918	9.5%
2004	\$973,632,996	\$72,441,045	8.0%

- **Market Situation**

The overall number of games being introduced annually has been trimmed back from

more than 52 in previous years. Shifting sales into higher price points and cultivating new players through innovative and branded licensed games have contributed to sales growth in recent years. Payout levels have been gradually increased. The aggregate prize payout in FY2013 for Instant Games was 66.89%.

The development of the Internet VIP Club and the Million Dollar Reply program continues to provide added value and rewards for Instant Game players.

Retailers play an important part in the success of each Instant Game. Displaying and making available the variety of all games supports the Lottery's marketing strategy. While most retailers dedicate attention to actively marketing and promoting Instant Games, a significant number of retailers offer only marginal support. Lottery Sales Representatives concentrate on helping retailers to order the correct quantities of Instant Game tickets, to return slow moving tickets for credit, and prominently display each new game as it is launched. The Lottery's Tell/Sell telephone center initiates and responds to retailer calls to keep retailers informed of new game launches, including automatic shipments right-sized according to past and projected sales patterns.

Instant Holiday Game launches during the holiday season have been supported by television, radio, and outdoor advertising. Other select games have had media support during the year.

1.1.13.9 RAFFLE GAMES

The first "Million Dollar New Year" Raffle game was introduced in 2006, followed by an "Independence Day Raffle" in 2007. Raffle tickets printed by retailer gaming terminals sold for \$20, total tickets were limited to no more than 500,000 per game, and four \$1,000,000 top prizes were offered in each game. Each ticket was printed with a unique 6-digit number. Tickets were produced in sequential order with no omissions or duplicates, and players were NOT able to pick their own numbers. A single drawing was held after expiration of the sales period. A computerized random number generating program was used to select the winning raffle ticket numbers, which were then widely disseminated.

In FY2014, the "Halloween Millions Raffle" game was offered in cooperation with six other State Lotteries. It featured four weekly drawings offering a top prize of \$10,000, followed by a Halloween drawing offering a \$1,000,000 grand prize.

1.1.14 MARKETING COMMUNICATIONS PROGRAM

The Marketing Communications program includes:

- daily releases of winning numbers and identification of winners
- issuing the Lottery's Annual Report, "Where the Money Goes" and Responsible Gaming information, and the monthly newsletter, "Retailer Focus," which is distributed to 6,700+ Lottery retailers
- coordinating all news media inquiries for the Lottery's Executive Director
- promotional events at retailer locations
- winner awareness news conferences introducing jackpot winners to the public
- supporting the launch of new games with information announcements directed to retailers, the news media, and the public
- promotional events at fairs, festivals, and other public events throughout the State.

1.1.14.1 WHERE THE MONEY GOES

The Where the Money Goes program distributes information about the financial support the Lottery produces for education and public institutions, in the form of television advertising, brochures, dedicated pages on the Lottery's website, and other activities, including visits by Lottery and Northstar representatives to community organizations throughout the State. Nevertheless, large segments of the public, including even recipients of the services provided by organizations that receive Lottery funds, continue to be unaware of the role the Lottery plays in financing public programs.

1.1.14.2 RESPONSIBLE GAMING

The Lottery is committed to responsible gaming, in which players are encouraged to enjoy the fun and entertainment aspects of playing the lottery, and appeals that could lead some players into problem or compulsive behaviors are avoided. The Lottery provides financial support to the Council on Compulsive Gambling of New Jersey and participates in the Council's program of consumer education about the risks of problem gambling and the services available to help individuals with gambling problems. All Lottery marketing and advertising materials consistently include 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]."

1.1.14.3 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 (such as CBS). The Advertising Agency subcontractor(s) may be required to support the production of episodes of Behind the Ball or similar series. Required support may include scriptwriting and production oversight and may expand to include website and social media video content requirements.

1.1.15 ADVERTISING GUIDELINES, GOALS, AND OBJECTIVES

1.1.15.1 ADVERTISING GUIDELINES

Games and advertising must reflect Lottery policies, including:

- Lottery games will not be associated with tobacco, alcohol, or sexually explicit products.
- The Lottery will not encourage people to gamble beyond their means.
- The Lottery will not associate with unlicensed or unregistered businesses.
- The Lottery will not target minors in its advertising and will actively enforce the prohibition against selling lottery tickets to minors.
- Advertising will be designed to appeal to adults throughout the State with a broad reach on a cost-effective basis.
- 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.”

1.1.15.2 ADVERTISING GOALS

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

- Raise awareness and stimulate sales of New Jersey Lottery tickets.
- Reinforce and enhance the image of the New Jersey Lottery as a funding source for education and institutions benefiting the people of New Jersey.

1.1.15.3 MARKETING COMMUNICATIONS OBJECTIVES

New Jersey Lottery advertising objectives include:

- Increasing brand engagement among broad segments of the consumer base, including not only core players, but also occasional players, and especially lapsed players and non-players by positioning the New Jersey Lottery as a relevant and attractive entertainment option.
- Increasing awareness and sales of existing and new Lottery games by creating impactful advertising campaigns and innovative promotional programs designed to expand the player base.
- Designing and implementing innovative promotional programs to include consumer, in-store and out-of-store cross-promotions with draw-based games and instant games.
- Designing and implementing innovative promotional and advertising programs to increase sales and enlarge the player base when introducing new draw-based and instant games.
- Developing and expanding advertising and promotional opportunities through internet related programs, corporate partnerships, and branded properties.
- Using the VIP Club and the Million Dollar Replay second-chance program to strengthen relationships and build loyalty among players.
- Developing direct marketing programs with mail and email components to build loyalty among players.
- Increasing awareness of winners at all prize levels and the variety of top-tier prizes available throughout the life cycle of each instant game (promoting winners and the availability of top prizes remaining at retail).
- Developing and expanding advertising and promotional opportunities through internet related programs, corporate partnerships, and branded properties.

Public Information Objectives include:

- “Where the Money Goes”
 - Increasing public awareness of the direct benefit of Lottery profits.
 - Establishing and maintaining cooperative relationships with the beneficiaries of Lottery funding to ensure that awareness is communicated throughout the beneficiary community.
 - Improving participation by officials of State and local governments and beneficiary organizations in Lottery events.

- Responsible Gaming
 - 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 on Compulsive Gambling of New Jersey.
 - “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 ADVERTISING AND DIRECT MARKETING STRATEGY

- Incorporate findings by Northstar through research, focus groups, surveys, tracking studies, and from other lotteries to determine the potential of new games and promotions to attract new players among core players and under-represented player demographic segments, and to avoid cannibalizing sales of existing games.

- Improve the effectiveness of the advertising budget by securing partners and sponsors to provide funding, greater media reach, and other promotional opportunities.

- Incorporate research findings to increase membership of the VIP Club and usage of the Million Dollar Replay second chance program.

- Use the VIP Club and the Million Dollar Replay to strengthen relationships and build loyalty among players.

1.1.17 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 living, working, or visiting New Jersey who will play responsibly within their means.

1.2 INTENT OF REQUEST FOR PROPOSALS

General: Northstar is interested in receiving proposals, including pricing, from a number of potential Bidders for **CREATIVE AND COORDINATING ADVERTISING SERVICES, and MEDIA PLANNING AND BUYING SERVICES** as described in this RFP. Northstar requests that all Bidders examine the specific requirements contained in this RFP and prepare their proposals pursuant to the provisions of this RFP.

Following notification of award, Northstar will 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 **ATTACHMENT A**.

The Opportunity: Northstar seeks:

- (1) An Advertising Agency subcontractor capable of providing Creative and Coordinating Advertising Services, including Account Management, TV, digital, social media, radio, print, OOH, direct marketing/CRM, experiential marketing, shopper marketing, and Hispanic marketing.
- (2) An Advertising Agency subcontractor capable of providing Media Planning and Buying Services, including Account Management, econometric modeling, TV, digital, radio, print, OOH, sponsorship marketing, and Hispanic marketing.

Any Bidder responding to this RFP may submit a Proposal to provide services in one or both of the areas in which services are sought. Depending on the Proposals received, Northstar will decide whether to award subcontracts to two 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:

- Is registered to do business in New Jersey or willing to register to do business in New Jersey at the time a contract is awarded.
- Is an established advertising agency in operation for at least 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 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 2 years.
- Has had a minimum of 5 clients for each of the past 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 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, CRM, shopper science/retail signage capabilities to one or more clients.
- Has prior experience with big box retailers, low-cost 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 reporting to Northstar's Vice President for Marketing and Advertising and Northstar's Director of Advertising and Marketing Communications.

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 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 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. As used in this Section, the term “COB” means 5:00 PM Eastern Time (ET). Northstar reserves the right during this procurement to change any of the following dates. If any change is made, Northstar will announce the change by the same method(s) this RFP was announced.

RFP Schedule	DATE
RFP Release	April 22, 2014
Bidder Questions due by 5:00 PM ET	May 2, 2014
Answers to Bidder Questions Release	May 9, 2014
Completed Agency Fact Sheets due by 5:00 PM ET	May 16, 2014
Finalists Notified	May 23, 2014
Bidder Proposals due by COB 5:00 PM ET	June 6, 2014
Finalist Presentations	Week of June 16, 2014
Notice of Subcontract Award(s)	On or about June 27, 2014

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	Bill Murray
Title	Vice President and General Counsel
Department	Administration
Address for Delivery of Proposals	Northstar New Jersey Lottery Group, LLC 1230 Parkway Avenue, Suite 200 Ewing NJ 08618
E-mail Address	nsnjprocurements@northstarnjlottery.com

All questions must be in writing and emailed to nsnjprocurements@northstarnjlottery.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 the same method(s) as this RFP was announced.

1.7 RIGHT TO REJECT PROPOSALS

Issuance of this RFP in no way constitutes a commitment by Northstar to award a Subcontract. 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 it is in the best interest of the New Jersey 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.

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 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, Northstar reasonably determines 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 New Jersey 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.

1.9 PROPOSAL TENURE

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

1.10 NO NORTHSTAR LIABILITY FOR PROPOSAL COSTS

Northstar is not liable for any costs 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 Subcontract Award in this procurement may result in disqualification.

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 Conflict 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 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, in 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 PROBITY INVESTIGATION OF SUBCONTRACTOR

Before finalizing a subcontract award, Northstar reserves the right for itself and the New Jersey Lottery to undertake due diligence review, for probity purposes, of each Bidder's ownership, organization, officers, employees, affiliates, suppliers, and associates. Accordingly, each Finalist must complete the disclosure forms included in **ATTACHMENT B** 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 Bidder is selected as a Subcontractor to provide any of the services required by this RFP.

1.13.1 CONDITIONS

By submitting a Proposal, Bidder grants Northstar the right to obtain any information from any source regarding (i) the past history, practices, conduct, reputation and ability of Bidder to perform the services and otherwise to fulfill the requirements of this RFP, and (ii) 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 liability and 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 (i) it shall cooperate in

any due diligence review or other inquiry conducted by Northstar, a Northstar customer or any appropriate government agency on behalf of a Northstar customer or in connection with a procurement, with respect to the Bidder and its owners, directors, officers, and employees; and that (ii) if it is the Successful Bidder, any Subcontract entered into with Northstar shall be subject to the satisfactory results, as determined by Northstar, of a background investigation of Bidder and its owners, directors, officers, and employees (including, without limitation, all employees assigned to perform services for Northstar).

1.14 STATE REQUIREMENTS

The services provided pursuant to this RFP are for the benefit of the New Jersey Lottery. Certain provisions from the Services Agreement, including 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 (see **ATTACHMENT A**) 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 award, a 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 subcontract awards, a Bidder must first submit a completed Agency Fact Sheet in the form attached as Exhibit A to this RFP, including **case histories** that demonstrate 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 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. Five (5) paper copies of each completed Agency Fact Sheet and five (5) USB flash drives or disks 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. The Bidders will then be ranked according to the assigned scores, and no more than 5 finalists achieving the highest scores in each category of desired services will 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 or disks 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 or disks 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 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 e-mail 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. 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 for confidential treatment of any portion of the Proposal should follow the Transmittal Letter. Under the Services Agreement, Northstar is required to furnish certain information with respect to this RFP and any resulting Subcontract(s) to the New Jersey 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 Lottery may be subject to public disclosure. Any information in a Bidder's Proposal that Bidder claims is confidential that 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 or Subcontract, 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.

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 Proposal 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 Technical Proposal must include a complete and detailed description of the Bidder's organizational information as required by this Section. This is a continuing disclosure requirement. Any such information or matter that arises or changes after submission of a Proposal, and with respect to the Subcontractor after Subcontract execution, must be disclosed within 15 days in a written statement to Northstar. Each Bidder is required to demonstrate its experience, technical capability to perform the Services, financial means, and reputation to fulfill the obligations of the Subcontract. Additional information is invited; however, any presentation beyond that sufficient to present a complete and effective Proposal is not desired. Each Bidder must respond to all requirements in this Section.

- 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).
- Number of years Bidder has been providing the types of services specified in this RFP.
- State 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.
- What is 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: (i) a contract was terminated before completion; (ii) Bidder was assessed liquidated damages or other remedies or sanctions related to Bidder's performance on a contract; (iii) Bidder has been involved as a defendant in any material civil or criminal litigation; (iv) 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 New Jersey 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 New Jersey Lottery team. **Also describe any new or currently vacant positions the Bidder will need to fill in order to execute the proposed plan for the New Jersey Lottery and the timeline for filling those positions.**

Estimated Scope of Work - July 1, 2014 through June 30, 2015 (For Bidding Purposes Only)

Account Management

- Ongoing client communication and account management
 - Daily client-agency discussions
 - As “lead agency” coordinate weekly all-partner status meetings and update of joint status reports
 - Management of channel messaging strategy and corresponding calendar
 - Legal clearances and adherence to the New Jersey 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
- Creation of project budget, hours utilization, procurement, tracking reports or other reports as requested
- Ongoing vendor selection in accordance with procurement guidelines
- Confirmation of all production specs and shipping information provided by vendors and marketing partners
- Consultation on potential instant and draw game themes during development process
- Annual participation in development of marketing plans

Strategic and Creative Development

- Develop understanding of consumer segmentation, drivers and barriers in order to build a relevant brand platform and improve the vitality of the master brand.
- Responsibility for overall campaign development and creation of retail POS, TV, radio, OOH, Digital and promotional elements
- Brand image refresh that significantly raises awareness and understanding of the New Jersey Lottery while fundamentally increasing the impact of the brand.
 - Create an iconic relevance between the brand and the New Jersey culture
 - Evaluate the current **Give Your Dreams A Chance** tagline and possibly develop a more impactful message with more relevance to the New Jersey culture and more ability to drive sales of New Jersey Lottery games
- Design, management and trafficking of jackpot awareness campaigns to trigger when the Mega Millions or Powerball jackpot exceeds a certain level. Assume 25 jackpot rolls per year for each of the games. We need your input on potential tactics and revised strategy
 - Analysis of sales as overlaid with jackpot amounts to develop most effective trigger level and strategy (currently \$100M trigger with \$300M cap due to intensity of media coverage)
 - Two :30 TV spots tagged with appropriate jackpot amounts for both Mega Millions and Powerball
 - Two :30 radio spots tagged with appropriate jackpot amounts for both Mega Millions and Powerball
 - :15 TV spot or billboards tagged with appropriate jackpot amount for both Mega Millions and Powerball
 - Supply assets and artwork to TV stations for jackpot snipes and secure client approval
 - Print ad template
 - Digital OOH executions
 - Management of versioning for high jackpot amounts
- Development of seven to eight spotlight instant game campaigns
 - Strategic development of product proposition and briefing of all marketing partners
 - Design of point-of-sale materials including approximately 12 individual pieces

- Potential for development of materials for specific promotions as required
 - Four to five TV spots
 - Up to ten radio commercials including multiple live radio reads
 - Digital and traditional out-of-home executions
 - Creation of banner campaigns including rich media executions, page takeovers and others
- Creation of two to three draw game campaigns which would either introduce a new game or update an existing game
 - Design of point-of-sale materials including approximately 12 individual pieces
 - Potential for development of materials for specific promotions as required
 - One or two TV spots
 - One or two radio commercials
 - Digital and traditional out-of-home executions
 - Creation of banner campaigns including rich media executions, page takeovers and others
- Development of Multicultural media including Spanish language radio campaign and conversion of various OOH and digital elements
- Weekly creation and trafficking of multiple radio tags, live reads and DJ chatter
- Development of one major campaign (instant or draw) launch every month
- Responsibility for the development of a quarterly, highly targeted Direct Mail campaign that rewards players and encourages the trial of new products and game variations/modifications

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 New Jersey 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 New Jersey Lottery team. **Also describe any new or currently vacant positions the Bidder will need to fill in order to execute the proposed plan for the New Jersey Lottery and the timeline for filling those positions.**

Estimated Scope of Work - July 1, 2014 through June 30, 2015 (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
 - Development of post-meeting reports
- Creation of monthly budget, 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 development of marketing plans

Media Planning and Execution

- Thorough understanding of the complexities related to New Jersey's unique advertising landscape overshadowed by the surrounding major media markets
- Continuous review of relative efficiency of proposed media mix with clear focus on ROI
- Effective use of local cable to supplement spot TV in order to maximize efficiencies
- Ability to develop an integrated, campaign specific media plan utilizing cable, spot TV, spot radio, OOH, internet and promotional elements
- Maximize added value opportunities that result from relationship driven media buys
- Planning of media budgeted at approximately \$20 million to cover the following campaigns:
 - A jackpot driven strategy (currently triggered at \$100M and capped at \$300M) utilizing two or more :15 television spots, :15 or :30 radio pre-records and live DJ reads
 - Assume 25 jackpot rolls per year for each of the games.
 - Five to six :30 television campaigns in support of instant game launches with four week flights
 - One or two :30 television campaigns in support of draw based game launches / makeovers
 - Approximately ten radio campaigns (combo :15 & :30) supporting instant and draw based games
 - Targeted OOH strategy including billboards that supports the individual campaigns – current spend is approximately 18% of the media budget
 - Aggressive online media strategy in support of campaigns and jackpot awareness utilizing rich media, social media and other opportunities
 - Support of our live drawing television station partner – currently CBS NYC/Philly
- Help negotiate and maintain minimum spend levels that allow us a two minute daily spot for our live lottery number drawings
 - Possible brand image campaign to raise awareness and understanding of the New Jersey Lottery while fundamentally improving consumer engagement with the brand.
 - Media strategy must include elements that address the large and growing Spanish speaking population in areas of the state – radio, OOH and Internet

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 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 services.

The objective of this portion of the evaluation process is to understand your 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 a 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.
2. Attach to Schedule 1 any rate cards for internal print, broadcast, digital or other production services that you will utilize on behalf of the New Jersey 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 **ATTACHMENT C**.

PART 3. EVALUATION OF BIDDER QUALIFICATIONS, PROPOSAL EVALUATION AND SUBCONTRACT AWARD(S)

3.1 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

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

Background and Capabilities (Total: 30 points)

1. Experience of current staff members with providing services relevant to the New Jersey Lottery (maximum 15 points)
 - Staff members have experience marketing low cost 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 (Total: 15 points)
 - Experience marketing low cost consumer products sold in convenience store, 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 – based on cases studies (Total: 55 points)

1. Demonstrated ability to provide innovative creative execution and cutting-edge production capabilities (maximum 10 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. Ability to seamlessly execute proposition across traditional, digital, retail and CRM 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

In Phase 2, each finalist 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 of the two 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 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 EVALUATION PROCESS

In Phases 1 and 2, Northstar, through its evaluation committee (including at least one subject matter expert and at least one Division of Lottery employee designated by the Executive Director of the Lottery), 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 of this RFP. Evaluations will be based on the information submitted in the Proposals, any clarifications made thereto at the evaluation committee's request, references, plus presentations made by the finalists. A uniform process as described in this Part 3 will be used to evaluate all Proposals. Each Proposal will be evaluated first on whether mandatory requirements are met. 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%

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 award.

3.4 BEST AND FINAL OFFERS (BAFOs)

Following completion of the evaluation process, Northstar may request BAFOs from the one or more of the highest rated Bidders. 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 Bidders can offer.

3.5 AWARD DECISION; DEBRIEFING; DISPUTE RESOLUTION; FINAL DETERMINATION

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

3.5.2 Debriefing. Not more than five (5) business days after being notified of a Subcontract Award, any Bidder whose Proposal is not selected for an award may request a debriefing. Upon such a request, Northstar will promptly arrange a debriefing in person or by teleconference to discuss the reasons for non-selection.

3.5.3 Dispute Resolution. Any dispute involving any aspect of the procurement process described in this RFP may be submitted to Northstar for resolution. 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 and the New Jersey Lottery. Northstar does not consent to arbitration of any dispute involving any aspect of the procurement process or any provision of a Subcontract awarded pursuant to this RFP. Any dispute arising under a Subcontract shall be

3.5.4 Final Determination. Northstar's determination regarding any aspect of the procurement process described in this RFP, including, but not limited to, selection of a Proposal, request for a debriefing, resolution of a dispute, or award of a Subcontract shall be final.

3.6 NOTIFICATION OF AWARD

Northstar will notify the Successful Bidder of the Subcontract Award.

3.7 SUCCESSFUL EXECUTION OF SUBCONTRACT

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

PART 4. CONTRACT PROVISIONS

A Bidder receiving a Subcontract award will be required to sign the form of Subcontract attached as Attachment A to this RFP. Northstar reserves the right to incorporate additional provisions in any Subcontract in the best interests of Northstar and the New Jersey 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 years, explain why the company was chosen to service these new accounts.
3. Account Losses. Of the accounts lost in the past two years, explain why they left or were not continued by the agency.

4. Current Size. In the following format, summarize the total billings for calendar years 2011, 2012 and 2013, number of employees and number of accounts currently being handled directly by your office.

	2011	2012	2013
Total Billings Per Year			
Number of Employees			
Number of Accounts			

5. If your agency is responsible for media planning and buying, chart your clients' 2013 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.

Television			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.

E. 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:

1. 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?
2. 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

F. References

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

G. 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 ____ 2014, 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, together with Northstar, the "Parties"). For purposes of this Agreement, "Affiliates" of a person or entity shall mean any person, corporation, partnership, limited liability company, professional organization, enterprise, sole proprietorship or other entity or association that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, Northstar or in which such person has an economic or voting interest of at least ten percent (10%) of common equity.

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 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;

WHEREAS, pursuant to the provisions of the Services Agreement, Northstar must require all of its Subcontractors 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 to provide services to Northstar in accordance with the provisions of the Services Agreement (the "RFP") and Company has submitted a proposal 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 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 (i) all information marked confidential, restricted or proprietary by

Northstar, the State and/or the Division of Lottery; and (b) any other information that is treated as confidential by Northstar, 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 date, 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.

(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, officer 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, officer, 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 Law 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 thirty (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. State and Division of Lottery as Beneficiary. The Parties expressly acknowledge and agree that the State and the Division of Lottery 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 Transaction, or any part 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.

Name of Company

By: _____

Name: _____

Title: _____

NORTHSTAR NEW JERSEY LOTTERY GROUP, LLC

By: _____

Name: _____

Title: _____

SCHEDULE 1 – COST PROPOSAL FORMAT



CREATIVE AND COORDINATING ADVERTISING AGENCY SERVICES MEDIA PLANNING AND BUYING 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: _____

E-mail: _____

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 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 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	%
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**Percentage used to rank bids.

ATTACHMENT A – FORM OF SUBCONTRACT

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

This Subcontract Agreement (this “Agreement”) for Services, dated as of ____ ____, 2014 (the “Effective Date”) between **NORTHSTAR NEW JERSEY LOTTERY GROUP, LLC** (“Northstar”), a New Jersey limited liability company, having a principal address of 1333 Brunswick Avenue, Trenton NJ 08648 and _____, [TYPE OF ENTITY AND JURISDICTION OF FORMATION], having a principal address of _____, _____, _____ (the “Subcontractor”). Capitalized terms used but not defined in this 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 (the “RFP”), soliciting competitive proposals from a number of responsible, responsive qualified bidders to perform the Services described in the RFP.

Subcontractor responded to the RFP with a Proposal (the “Proposal”), and on ____ ____, 2014, Northstar selected 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 services (collectively, the “Services”) pursuant to and in accordance with the RFP and the Proposal (including the pricing submitted by the Subcontractor on Schedule 1), 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) Bidder’s Proposal.

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 and the Division of Lottery.

1.5. Subcontractor may be asked to provide the Services to GTECH and Scientific Games International (SGI) pursuant to separate Agreements with those entities and at prices comparable to the prices provided 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.

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.

2. TERM; TERMINATION; TRANSITION

2.1 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 July 1, 2014 (the "Original Term") unless extended at the sole option of Northstar upon written notice not less than ninety (90) days prior to the end of the Original Term for an additional period of one year (the "First Extended Term") or unless further extended thereafter at the sole option of Northstar upon written notice not less than ninety (90) days prior to the end of the First Extended Term for an additional period of one year (the "Second Extended Term"), unless earlier terminated pursuant to this section.

2.2 This Agreement shall terminate without liability on the part of Northstar or the State of New Jersey in the event that the Division of Lottery requires termination for any reason, including: (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 Subcontract has not been awarded prior to the expiration of the term of this Agreement, as such term may be extended pursuant to this section, the Subcontractor 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 ninety (90) days until a new Subcontract is in effect and a new Subcontractor is ready to provide the Services pursuant to such new 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 Schedule 1 to this Agreement.

3.2 Subcontractor shall submit invoices on a monthly basis. Invoices shall be submitted by mail to Northstar, Attention: Benjamin Depalo, Accounts Payable, 1333 Brunswick Avenue, Suite 400, Trenton NJ 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 sixty (60) days of receipt.

4. CONFIDENTIALITY

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

5. RECORD KEEPING; AUDITS; DATA PROTECTION

5.1 Contract Records. As reasonably needed to validate Subcontractor's compliance with this 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. Subcontractor shall maintain such records for five (5) years after the creation of such records.

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 or affiliates, Subcontractor shall, at its sole cost and expense, promptly take any and all actions necessary to comply (and render Northstar in compliance with) 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, Affiliates and/or Subcontractor Personnel, 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 the Department in connection with any audit or investigation.

5.5 Audit Costs. Subcontractor shall provide reasonable audit-related assistance and compliance described in this Section 4 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 confidentiality requirements of the Services Agreement, including establishing and maintaining physical, environmental, safety and facility procedures, data security procedures and other safeguards. Without limitation, to the extent Subcontractor maintains computer or other files containing State Data, Subcontractor shall provide the State or the Division of Lottery with access to such files upon reasonable prior written notice and the State's or the Division of Lottery's written request.

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 their rights including moral rights, which would prejudice such ownership, exercise or exploitation by Northstar.

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 the Division of Lottery in pursuance of this Agreement shall be and shall remain the property of Northstar, the State and the Division of Lottery and are specifically works made for hire.

6.4 All materials supplied by Northstar to the 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; or immediately upon request by Northstar.

6.5 Subcontractor hereby grants to Northstar a non-exclusive, non-transferable, irrevocable during the Term, 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 or the State 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 (a) 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.

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

6.7 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.

6.8 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, of any Intellectual Property contemplated hereunder.

6.9 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.

6.10 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.

6.11 The obligations of the Subcontractor under this Section 6 shall survive any termination of this Agreement and shall remain in full force and effect thereafter.

6.12 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.

6.13. Subcontractor shall cooperate in good faith to facilitate the full exercise and/or exploitation by Northstar, the State and the Division of Lottery of any of its 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. Subcontractor shall also in all circumstances refrain from any actions or from any abuse of their rights including moral rights, which would prejudice such ownership, exercise or exploitation by Northstar, the State or the Division of Lottery.

6.14. 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 Subcontractor for Northstar in pursuance of this Agreement shall be and shall remain the property of Northstar, the State and the Division of Lottery and are specifically works made for hire.

6.15. 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 reasons; 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.

6.16. 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.

6.17. The provisions of this Section 6 shall indefinitely survive the expiration or earlier termination of this Agreement.

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 6.1 hereof, Northstar shall not be responsible for the provision to or on behalf of Subcontractor or its 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 under any worker's compensation or similar law.

8. REQUIREMENTS REGARDING SUBCONTRACTOR PERSONNEL

8.1. Probity Investigations by the State. Subcontractor hereby acknowledges and agrees that the Division of Lottery shall have the right to conduct probity investigations of any Subcontractor personnel prior to and during the term of this Agreement.

8.2. Background Checks for Subcontractor Personnel. Subcontractor shall ensure that Subcontractor Personnel are authorized to work in any jurisdiction in which they are assigned to perform Subcontractor Services and are not otherwise disqualified from performing the Subcontractor 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.

8.3. 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.

8.4. Equal Employment. Subcontractor and Subcontractor Personnel shall 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 Division of Lottery, Subcontractor shall furnish to the Division of Lottery written certification that Subcontractor is in compliance with 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.

8.5. 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 or the Division of Lottery or its duly appointed representative by the Subcontractor, at no cost to the Northstar, the State or the Division of Lottery or its duly appointed representative, if so requested. Such records shall be maintained in accordance with GAAP and any other applicable procedures established by the Division of Lottery from time to time.

9. PROHIBITION AGAINST LOTTERY PLAY

Subcontractor's officers, as well as its employees and agents actually performing the Services pursuant to this Agreement are expressly prohibited from purchasing or redeeming any New Jersey Lottery ticket during the term of this Agreement.

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 thirty (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 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 Division of Lottery, then the State or Division of Lottery shall assume the obligations and liabilities arising under this Agreement on or after the date of assignment to the State or Division of Lottery.

10.3 Any assignment made in violation of this Section 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

During the Term of this Agreement and for a minimum of one (1) year after the expiration of the term of this Agreement, Subcontractor shall provide and maintain, at its sole expense, insurance of the types and levels which are acceptable and prudent business practices for the type and quantity of goods and/or Services being provided herein. Evidence of such insurance coverage shall be provided to Northstar upon request.

12 NON-COMPETITION

12.1 For the term of this Agreement 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 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 affiliates and any of its employees, customers, retailers, suppliers or other business associates.

12.2 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:

12.1 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.

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.

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. Neither Subcontractor nor any of its affiliates, nor any Subcontractor personnel, has accepted or shall accept anything of value based on an understanding that the actions of Subcontractor, any such affiliates or any such 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 or Representatives, or any Subcontractor personnel, to any party in connection this Agreement.

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

13.11 Financial Condition. Subcontractor as of the date of this Agreement possesses, and will maintain throughout the term 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 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 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 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 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 with the United States of America and the certification is approved by the State Treasurer.

14 **INDEMNIFICATION**

Subcontractor shall indemnify and hold harmless Northstar, the State, the New Jersey Lottery, and their officers, agents and employees from and against any and all liability including claims, demands, losses, costs, damages and expenses of every kind and description for harm to persons or 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).

15 **LOBBYING AND CERTAIN COMMUNICATIONS**

15.1 Under no circumstances shall the Subcontractor or any officer or employee 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 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: Legal Department
Email: legal@northstarlottery.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; (b) 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



ATTACHMENT B - BIDDER DISCLOSURE FORM

INSTRUCTIONS: This Bidder Disclosure Form includes seven parts, all of which must be completed and submitted with each Proposal :

- ATTACHMENT B – Bidder Disclosure Form
- ATTACHMENT 1 - Principals and/or Officers/Directors
- ATTACHMENT 2 – Primary Shareholders
- ATTACHMENT 3 – Holding Company(ies), Business Organizations or others
- ATTACHMENT 4 – Parent, Subsidiary and Affiliated Companies
- ATTACHMENT 5 – Explanations
- BACKGROUND INVESTIGATION AUTHORIZATION FORM

A. COMPANY IDENTITY

1. Business / Entity Name: _____
 a. Trade name used: (if applicable) _____
 b. Other names by which Company is known: (if applicable) _____
2. PRINCIPAL BUSINESS ADDRESS: _____
3. Telephone: _____
4. Fax: _____
5. Internet Address: _____

B. COMPANY/ORGANIZATION INFORMATION

1. Type of Organization
 Corporation Partnership Other (specify)
2. Date and Place of Incorporation _____
3. Brief Description of the Business _____
4. Number of Years in Current Business _____

5. Jurisdictions Where Organization Conducts Business (List All)

6. Jurisdiction(s) Where Work Will Be Performed

7. Registration Number or Federal Employee Identification Number

8. Is Company Publicly Traded Yes No

If yes, trading symbol and stock exchange _____

- 9. On Attachment 1, list the names and information of all principals and/or officers/directors.
- 10. On Attachment 2, list the names and addresses of any shareholders holding more than 5% of the issued and outstanding shares.
- 11. On Attachment 3, list all holding companies, business organizations, or other entities holding any financial interest in the Company.
- 12. On Attachment 4, list all parent, subsidiary, and affiliated companies or business entities, including majority owned/controlled joint ventures. Provide company name, corporate address, business telephone, jurisdiction where organized, and brief description of the business enterprise.
- 13. Please include a company organizational chart that includes, at minimum, all parent companies or other entities holding any financial interest in the Company.

C. REPRESENTATIONS

1. Does any government, governmental agency or instrumentality, government-owned or government-controlled company, public international organization or political party have an ownership interest, direct or indirect, in your company? (If Yes, provide details on Attachment 5.)

Yes No

2. Does any current or former government official, political party official, candidate for political office, or relative of such a person, have an ownership interest, direct or indirect, in your company? (If Yes, provide details on Attachment 5, including the name, title, and official responsibilities of each such official or candidate, and the family relationship, where applicable.)

Yes No

3. Is any former or current government official, political party official, candidate for political office, or relative of such a person, an employee, officer or director of your company? (If Yes, provide details on Attachment 5, including the name, title, and official responsibilities of each such official or candidate, and the family relationship, where applicable.)

Yes No

4. To the best of your knowledge, is there any financial benefit that a government or political party official or political candidate could gain as a result of the proposed engagement of your company?

Yes No

If the response to any of the questions set forth in this Section C is "Yes", please provide explanation on Attachment 5.

D. LICENSING & INVESTIGATIONS

1. Has any license of the Company to operate or do business ever been suspended or revoked?

Yes No

2. Has the Company or any of its affiliates ever been investigated, charged, or held responsible for any material violation of civil or criminal law?

Yes No

If the response to any of the questions set forth in this Section D is "Yes", please provide explanation on Attachment 5.

E. CERTIFICATION

I _____ of _____ hereby certify that the information set forth in this questionnaire is true, correct and complete in all respects as of the date hereof.

Signature

Title

Print Name

Date: _____ / _____ / _____

ATTACHMENT 1

PRINCIPALS AND/OR OFFICERS/DIRECTORS

Name: _____	(Former Name) _____
Title and Responsibilities: _____	
Residence Address: _____ _____	
Business Address: _____ _____	
Telephone: ___ / ___ / ___	Fax: ___ / ___ / ___
Internet Address: _____	

If more space is needed, copy this page and attach as many additional pages as necessary.

ATTACHMENT 2

PRIMARY SHAREHOLDERS (MORE THAN 5%)

<p>Name: _____</p> <p>Residence Address: _____ _____</p> <p>Business Address: _____ _____</p> <p>Telephone: ___ / ___ / ___</p> <p>Position Held: _____</p> <p>Percentage of Ownership: _____</p>	<p>Name: _____</p> <p>Residence Address: _____ _____</p> <p>Business Address: _____ _____</p> <p>Telephone: ___ / ___ / ___</p> <p>Position Held: _____</p> <p>Percentage of Ownership: _____</p>
<p>Name: _____</p> <p>Residence Address: _____ _____</p> <p>Business Address: _____ _____</p> <p>Telephone: ___ / ___ / ___</p> <p>Position Held: _____</p> <p>Percentage of Ownership: _____</p>	<p>Name: _____</p> <p>Residence Address: _____ _____</p> <p>Business Address: _____ _____</p> <p>Telephone: ___ / ___ / ___</p> <p>Position Held: _____</p> <p>Percentage of Ownership: _____</p>

If more space is needed, copy this page and attach as many additional pages as necessary.

ATTACHMENT 3

HOLDING COMPANY(IES), BUSINESS ORGANIZATIONS OR OTHER ENTITIES OR INDIVIDUALS HOLDING ANY FINANCIAL INTEREST IN BIDDER

1.	_____

2.	_____

3.	_____

4.	_____

5.	_____

If more space is needed, copy this page and attach as many additional pages as necessary.

ATTACHMENT 4

PARENT, SUBSIDIARY AND AFFILIATED COMPANIES, INCLUDING JOINT VENTURES OR OTHER BUSINESS ENTITIES, INCLUDING COMPANY NAME, ADDRESS, BUSINESS TELEPHONE, JURISDICTION WHERE ORGANIZED AND BRIEF DESCRIPTION OF THE BUSINESS ENTERPRISE

<p>Company Name: _____</p> <p>Business Address: _____ _____</p> <p>Business Telephone: ___ / ___ / ___ Business Fax: ___ / ___ / ___</p> <p>Jurisdiction where organized: _____</p> <p>Brief description of business enterprise: _____ _____ _____</p>
<p>Company Name: _____</p> <p>Business Address: _____ _____</p> <p>Business Telephone: ___ / ___ / ___ Business Fax: ___ / ___ / ___</p> <p>Jurisdiction where organized: _____</p> <p>Brief description of business enterprise: _____ _____ _____</p>

If more space is needed, copy this page and attach as many additional pages as necessary.



BACKGROUND INVESTIGATION AUTHORIZATION FORM

In connection with a possible business engagement, _____ (“Company/Individual”) hereby authorizes Northstar New Jersey Lottery Group, LLC (Northstar), and/or GTECH Corporation, its agents and representatives, to conduct a background investigation and reference check of the Company/Individual. The Company/Individual understands that this background investigation and reference check may include contacting and soliciting information about the Company/Individual from governmental agencies; criminal justice agencies, business, credit and personal references (“References”) supplied by the Company/Individual or developed independently by Northstar.

The Company/Individual hereby authorizes: (i) Northstar to make such inquiries of the References as it may deem appropriate and (ii) the References to supply information to Northstar in response to such inquiries. The Company/Individual understands that the possible business engagement is contingent upon the satisfactory results of the background investigation and reference check in Northstar’s sole discretion. The Company/Individual also understands that at any time during the business engagement, Northstar may conduct additional background investigations and reference checks of the Company/Individual and the authorizations set forth herein extend to such additional investigations and checks.

The Company/Individual agrees to hold Northstar, its agents and representatives, each of the References and any other third parties harmless from all claims, damages or losses arising from, or in connection with, such background investigations and reference checks and any information supplied or received in connection therewith, unless such claims, damages or losses arise from the gross negligence or willful misconduct of Northstar, its agents or representatives.

Signature

Title

Print Name

Date: _____ / _____ / _____

ATTACHMENT C - DEVIATIONS AND EXCEPTIONS

Name of Bidder: _____

Bidder must complete and submit this Attachment as part of Bidder's Proposal if Bidder proposes to deviate from or take exception to any of the RFP requirements. Bidder must identify each such deviation and exception and describe the nature and extent thereof in the following format:

RFP Section No.	Subject Heading	Deviation or Exception

If more space is needed, copy this page and attach as many additional pages as necessary.