

**ALC Responses to Questions Submitted by Mangan Holcomb Partners
Related to ALC RFQ-1400001**

1. What other client engagements does the Lottery consider a conflict of interest (i.e. casinos, horse or dog racing, electronic gaming, etc.)?

ALC Response: None.

2. Are strategic alliances allowed, assuming one agency is clearly the lead vendor?

ALC Response: Yes.

3. Is the use of out-of-state consultants with relevant category experience acceptable as long as the consultants work as subcontractor to the primary vendor?

ALC Response: Yes.

4. Regarding requirement of including “a disclosure of the Vendor’s most recent financial report, including any reports on internal control over financial reporting, and the most recent audit report of the Vendor’s operation as a service organization”: Is there a preferred format or report-type for this?

ALC Response: Vendor’s complete and satisfactory response to Section 5.2 of the RFQ as more fully detailed in Response 6(a) below will suffice to satisfy the requirement for Vendor’s most recent financial report. Vendor must also provide any Audit Deficiency reports or conclusions from its most recent audit report.

5. Regarding requirement of “A Vendor must provide evidence of financial responsibility and stability for performance of a Contract of this magnitude. A Vendor must demonstrate the ability to finance the project described by the Vendor’s submission and must also disclose any outside financial resources that will be utilized”: What is the preferred format for this disclosure?

ALC Response: Vendor’s complete and satisfactory response to Section 5.2 of the RFQ as more fully detailed in Response 6(a) below will suffice to evidence Vendor’s financial responsibility and stability for performance of this contract.

6. Regarding the required \$500,000 letter of credit:

(a) May the Vendor provide proof of a \$500,000 Line of Credit versus a Letter of Credit?

ALC Response: The Vendor may provide proof of a \$500,000 Line of Credit, \$500,000 Letter of Credit or a Certificate of Deposit in the amount of \$500,000. The full amount of the Certificate of Deposit should be fully insured by the Federal Deposit Insurance Corporation issued by a solvent bank organized and existing under the laws of this state or under the laws of the United States.

(b) What stipulates the demand feature in the Letter of Credit?

ALC Response: ALC has no intention of ever demanding payment of the letter of credit or presenting the letter of credit to a bank for payment of all or part of the \$500,000. The requirement in Section 5.2 of the RFQ, as more fully outlined in Response 6(a), is meant to provide proof and assurance to ALC that a Vendor has the financial responsibility and stability to perform this contract.

(c) Who is responsible for the Letter of Credit 2% fee?

ALC Response: The vendor, alone, is responsible for payment of any fee(s) associated with procuring a letter of credit, line of credit or Certificate of Deposit.

7. Please confirm that the letter of credit will be for one-year maturity, commensurate with the one-year contract; if contract renewed, the letter of credit will be renewed as well.

ALC Response: The Letter of Credit will be for one-year maturity, commensurate with the one-year contract. If the contract is renewed, the letter of credit will need to be renewed as well.

8. Confirming the “Plan of Action” requested in section 5.11 should include recommendations for how TCG’s \$500,000 media budget should be spent as a part of the strategy (i.e., media mix, negotiation process, etc.)?

ALC Response: To clarify, TCG’s media budget is not \$500,000. The ALC anticipates that the majority of media placements will be executed by TCG, but their current contract does not grant them exclusive rights to media buying functions (i.e., the ALC is not limited to solely using TCG for media placement services). Respondents may wish to include media placement strategies, in which the successful vendor will also execute and place directly, as part of responses for section 5.11 Plan for Anniversary Promotion and section 5.11 Plan for Market Specific Strategies; please refer to sections 3.1 B and 3.1. C. Respondents may wish to include recommendations for TCG’s media budget (in relation to media mix, negotiation process, etc.) in responses for section 5.11 Plan for Creative, Production & Branding Campaign.

Throughout the one-year term, the ALC may request that the successful vendor procure media on behalf of the ALC and/or consult the ALC or TCG in the area of media placement as defined in section 3.5 of the RFQ.

9. What other, specific forms of entertainment does the Lottery consider as direct competitors for consumer dollars?

ALC Response: Discretionary spend on any product and/or form of entertainment can be considered competitors for consumer dollars.

10. Can you provide guidance on the percentage of messaging mix between promotional/sales messaging and beneficiary messaging? 70% promotional/30% beneficiary? 90% promotional/10% beneficiary? Etc.

ALC Response: The majority of the marketing mix, approximately 85-90%, will be promotional messaging. Approximately \$300,000 of the fiscal year 2015 \$5 million

budget is planned to support messaging for the Arkansas Academic Challenge Scholarship. It is also estimated that the \$300,000 Anniversary Promotion budget will include elements related to beneficiary messaging. All budgets are subject to change. We will rely on recommendations from the successful vendor to assist us in determining the appropriate mix.

Correspondence between ALC & Mangan Holcomb Partners Related to Questions Submitted by Mangan Holcomb Partners in reference to ALC RFQ-140001

From: David Rainwater [mailto:david@manganholcomb.com]
Sent: Thursday, May 29, 2014 12:40 PM
To: Jean Block
Subject: Re: LC-RFQ-140001 RFQ Questions

Clarification on Question 4: What specific type of financial report is required to fulfill Section 5.1, 7, g? And will this information be confidential?

David Rainwater

Principal/Chief Executive Officer

Mangan Holcomb Partners

2300 Cottondale Lane, Suite 300
Little Rock, AR 72202
501-376-0321

<http://www.manganholcomb.com>

<http://www.facebook.com/manganholcomb>

On May 29, 2014, at 10:57 AM, Jean Block <Jean.Block@arkansas.gov> wrote:

Not yet. The rest of the responses will be posted no later than COB tomorrow per the schedule outlined in the RFQ. We felt the responses posted yesterday needed to be posted sooner rather than later. As soon as you're able please clarify question 4. Thank you.

From: David Rainwater [mailto:david@manganholcomb.com]
Sent: Thursday, May 29, 2014 10:40 AM
To: Jean Block
Subject: Re: LC-RFQ-140001 RFQ Questions

Jean,

Are there answers to questions 1-3 that we submitted? The pdf that is posted starts with question 4.

David Rainwater

Principal/Chief Executive Officer

Mangan Holcomb Partners

2300 Cottondale Lane, Suite 300
Little Rock, AR 72202
501-376-0321

<http://www.manganholcomb.com>

<http://www.facebook.com/manganholcomb>

