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Kerry McConnon

API Contract No.: 2020-113485

[REDACTED]  
DDC Public Affairs  
[REDACTED]

This letter of agreement between the American Petroleum Institute (API or Client) and DDC Public Affairs (DDC) authorizes DDC Public Affairs to provide services and technology solutions DDC Public Affairs shall

as described in the Statement of Work for API PAC Services, January 2020 - December 2020, attached and made a part hereof. This Agreement is subject to the following terms and conditions:

1. Definitions. Capitalized terms used in this Agreement (including Schedules and Work Orders) have the following meanings:
  - a. "Client Materials" means all materials and information provided by the Client to DDC for DDC's use in providing the Services to Client, including, without limitation, data, text, copyrightable subject matter, information regarding Client's employees, Client's trademarks, and other of Client's Confidential Information. Client shall be responsible for obtaining any permissions or waivers from any third party having rights over materials supplied to DDC by Client to permit DDC to perform the Services under this Agreement
  - b. "Client Site(s)" means Internet URL's developed by DDC as part of the Services on behalf of Client and hosted by DDC on DDC's servers.
  - c. "Client Software" means that software employed by Client to enable Client and each User to access the Software through the Internet.
  - d. "Client Technology" means Client's proprietary technology, including Client's content, software tools, hardware designs, algorithms, software (in source and object forms), user interface designs, architecture, class libraries, objects and documentation (both printed and electronic), network designs, know-how, trade secrets, and any related intellectual property rights throughout the world (whether owned by Client or licensed to Client from a third party), and also including any derivatives, improvements, enhancements, or extensions of Client Technology conceived, reduced to practice, or developed during the term of this Agreement by Client.
  - e. "Confidential Information" of a party means all confidential or proprietary information, including, without limitation, all information not generally known to the public, the terms of this Agreement, information relating to either party's customers, technology, operations, facilities, consumer markets, products, capacities, systems, procedures, security practices, research, development, business affairs, ideas, concepts, innovations, inventions, designs, business methodologies, improvements, trade secrets, software, copyrightable subject matter, the DDC Technology, the Client Technology and other proprietary information.

An equal opportunity employer

- f. "Content" means the content of any postings to the Client Site(s) and the content of any transmissions utilizing the Software made by the Client or any User.
  - g. "DDC Technology" means DDC's proprietary technology, including software tools, hardware designs, algorithms, software (in source and object forms), user interface designs, architecture, class libraries, objects and documentation (both printed and electronic), network designs, know-how, trade secrets, and any related intellectual property rights throughout the world (whether owned by DDC or licensed to DDC from a third party), and also including any derivatives, improvements, enhancements or extensions of DDC Technology conceived, reduced to practice, or developed during the term of this Agreement by either party that are not uniquely applicable to Client or that have general applicability in the art.
  - h. "Services" means those professional services provided by DDC to Client under this Agreement, as further described in each Work Order.
  - i. "Software" means the software, developed, owned, and controlled by DDC that is made available to Client for Client's access, display, and use under this Agreement, as described in each Work Order. Unless specifically stated otherwise, no Software shall be considered Work Product under this Agreement.
  - j. "Space" means space in DDC's business premises (or other premises selected by DDC) to store and operate hardware used in conjunction with the Services.
  - k. "User" means any person or entity Client permits to access, display or use the Client Site(s) or Software.
  - l. "User Limit" means the number of persons permitted to use the Software, limited to the maximum number of users for which Client has paid the appropriate licensing fee.
  - m. "Work Product" means those deliverables provided to Client in conjunction with any Service, as further described in each Work Order.
2. This agreement shall cover the period January 1, 2020 through December 31, 2020.
3. DDC Public Affairs agrees that Kerry McConnon (e-mail: @ddcpublicaffairs.com) shall be the project manager. DDC Public Affairs shall give API prior written notice of the replacement or reduction in the level of effort of the project manager. API shall have the right to approve a reduction in effort and, in the case of replacement of the project manager, API shall have the right to approve a successor.
4. This agreement shall be under the direction of Bill Koetzle, Senior Vice President, Government Affairs ( [REDACTED] ), or whomever he designates. The designated API representative for this agreement will be Shana Philipps, PAC Director [REDACTED]. DDC Public Affairs shall send all correspondence and reports relating to this agreement to her attention at the above address.
5. API will pay DDC Public Affairs an amount not to exceed [REDACTED] for application and website license fees, and PAC compliance and administration outsourcing services, website updates and maintenance, and newsletter construction and distribution provided hereunder as follows:
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DDC Public Affairs will invoice API on a monthly basis for services provided during that month. Invoices must reference the above contract number and shall be submitted to Anybill using one of the following methods:

- **E-mail (preferred):**
- Fax:
- Mail:

API shall pay invoices within 30 days of receipt. Invoices will be sent via email, return receipt requested, and will be considered received once sent. Late payments shall be subject to a penalty charge of 1.5% per month of any unpaid balance. DDC may demand and collect, and Client will pay, any costs DDC incurs in collecting overdue payments, including reasonable attorney's fees. DDC reserves the right to terminate this Agreement upon Client's failure to make payment within thirty (30) days of the date due, including the right to suspend, interrupt, or terminate any hosting Services and Client Site(s) on any such overdue account by disabling the connection to the server. Any reactivation of service will only be performed during DDC's regular business hours (Monday through Friday, 8:30 a.m. to 5:30 p.m. US Eastern Time). Client is responsible for the payment and reporting of any taxes associated with the services provided hereunder. The above amounts do not cover miscellaneous out-of-pocket expenses such as overnight delivery or courier fees, postage, travel, photocopies, faxes, phone calls and stock-image purchase or licensing fees. DDC Public Affairs will obtain approval from API for such expenses, which will be invoiced separately and at cost.

6. DDC Public Affairs shall be in regular contact with Mr. Koetzle concerning its efforts, and shall provide activity reports to him by phone or e-mail as appropriate and agreed upon.
7. DDC Public Affairs shall render all services during the term of this engagement in accordance with all applicable federal and state laws and regulations, including but not limited to lobbying, election campaign, gift, ethics and privacy laws, the CAN-SPAM Act, and the Children's Privacy Protection Act. As DDC Public Affairs' efforts on API's behalf may extend to action within the meaning of the Lobbying Disclosure Act of 1995 (Public Law 104-65), as amended, DDC Public Affairs will, if applicable, register with and report to Congress under the provisions of that Act. DDC Public Affairs and any of its assignees agree to comply with any other applicable lobbying or ethics laws and regulations in their performance hereunder, including, without limitation, the Federal Election Campaign Act of 1971, as amended, the Gift Rules Guidelines of the United States Senate and House of Representatives, the Standards of Ethical Conduct of Employees of the Executive Branch, and the Lobbying Disclosure Act of 1995, as amended. DDC Public Affairs' relationships with public officials and candidates for public office will be maintained in such a manner as to avoid any impropriety or appearance of impropriety that may be attributed to API.
8. DDC Public Affairs agrees that it will assist API in maintaining the independence of its political advocacy from federal candidates and political parties. DDC Public Affairs agrees to give API advance written notice of any relationship, including, but not limited to, vendor or consulting, it has or later intends to establish with a federal candidate or political party. DDC Public Affairs agrees to notify API in writing and no later than five business days prior to taking on another engagement that, in API's sole discretion, presents an actual or perceived

risk of an allegation of improper coordination between API and a federal candidate or political party. API may authorize DDC Public Affairs to present a written plan establishing safeguards and firewalls to adequately protect API from the risk of an allegation. If adequate measures cannot be agreed upon, API may immediately terminate this agreement. DDC Public Affairs further agrees that it will take no action that would cause API to improperly coordinate its activities under the law, including, but not limited to, conveying to API non-public information about plans, projects, activities, or needs of a candidate or political party.

9. Except for the license rights expressly granted herein, this Agreement does not transfer from DDC to Client any DDC Technology, and all right, title, and interest in and to DDC Technology will remain solely with DDC. Except for the license rights expressly granted herein, this Agreement does not transfer from Client to DDC any Client Technology, and all right, title, and interest in and to Client Technology will remain solely with Client. Notwithstanding anything to the contrary in this Agreement, DDC will not be prohibited or enjoined at any time by Client from utilizing any skills or knowledge of a general nature acquired during the course of providing the Services, including, without limitation, information publicly known or available or that could reasonably be acquired in similar work performed for another client of DDC. Client grants to DDC a limited, non-exclusive license to the Client Technology and Client Materials for the limited purpose of providing the Services herein; provided that such limited license shall terminate immediately upon the termination of this Agreement. Any Software made available for Client's use under any Work Order is subject to the limited license, and Client shall not own nor acquire any interest in such Software, except as explicitly provided therein. Under no circumstances shall client attempt to (1) copy the Software, (2) reverse engineer, decompile, disassemble, modify, or otherwise attempt to derive source code from the Software; (3) write or develop any derivative or other Software programs, based, in whole or in part, upon the Software.

The Services described in a Work Order may include the production of written materials that may be Work Product. DDC hereby retains the rights to DDC's methodologies, processes, ideas, templates, forms, and other standardized written materials utilized in the preparation of the Work Product, including, without limitation, portions of text included in the Work Product ("DDC's Work"). DDC retains the right to utilize DDC's Work in work prepared for other of DDC's clients in the future. None of Client's Confidential Information, Client Materials or Client Technology or any other information obtained by DDC from Client will be considered part of DDC's Work. Excluding DDC's Work, all other right, title, and interest in the Work Product is hereby transferred to Client.

10. API may provide to DDC Public Affairs mailing lists or other API data or information that may be helpful to the project DDC Public Affairs is conducting under this agreement. DDC Public Affairs may use such materials only in fulfilling its obligations under this agreement, and shall not reproduce, distribute, use or share such materials in any other way.
11. All Confidential Information relating to a party shall be held in confidence by the other party to the same extent and in at least the same manner as such party protects its own confidential or proprietary information of like kind and import, but in no event using less than a reasonable degree of care. Neither party shall disclose, publish, release, transfer, or otherwise make available Confidential Information of the other party in any form to, or for the use or benefit of, any person or entity without the other party's consent. The obligations herein shall not restrict any disclosure by either party pursuant to any applicable law, or by order of any court or government agency (provided that the disclosing party shall give prompt notice to the non-disclosing party of such order), and shall not apply with respect to

information which (i) is developed by the other party without violating the disclosing party's proprietary rights; (ii) is or becomes publicly known (other than through unauthorized disclosure); (iii) is disclosed to the recipient of such information by a third party free of any obligation of confidentiality; (iv) is already known by such party without an obligation of confidentiality other than pursuant to this Agreement or any other confidentiality agreements entered into before the Effective Date between Client and DDC; or (v) is rightfully received by a party free of any obligation of confidentiality.

12. DDC warrants that the Services will be performed in a professional and workmanlike manner, consistent with industry standards and the specific terms of any Work Orders; and to the best of DDC's knowledge, none of the Work Product or Software will infringe, misappropriate, or violate the intellectual property rights of any third party. For breach of this warranty, Client's sole remedy, at DDC's option, will be to (a) alter the Software to make it non-infringing, while maintaining the same functionality, or (b) provide a prorated refund to the Client of the fees paid for the Software. THE WARRANTIES SET FORTH IN THIS SECTION ARE THE ONLY WARRANTIES MADE BY DDC, AND NO OTHER WARRANTIES ARE PROVIDED TO CLIENT OR ANY THIRD PARTY AND, EXCEPT FOR THE SPECIFIC WARRANTIES PROVIDED HEREIN ALL WORK PRODUCT, SERVICES, AND SOFTWARE ARE PROVIDED "AS IS". DDC DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. DDC FURTHER EXPRESSLY DISCLAIMS ALL WARRANTIES ARISING FROM USAGE OF TRADE AND COURSE OF DEALING. DDC DOES NOT WARRANT THAT THE SERVICES OR SOFTWARE WILL MEET CLIENT'S REQUIREMENTS OR THAT THE SOFTWARE WILL OPERATE IN COMBINATION WITH OTHER SOFTWARE. DDC SHALL NOT BE RESPONSIBLE FOR ANY OF CLIENT'S INFORMATION, DATA, AND/OR SOFTWARE THAT MAY BE LOST, DAMAGED, OR CORRUPTED DURING CLIENT'S USE OF THE SOFTWARE; PROVIDED THAT SUCH INFORMATION, DATA, AND/OR SOFTWARE RESIDES ON CLIENT'S OR AN INDIVIDUAL USER'S PC, SYSTEM, OR NETWORK AND HAS NOT BEEN PROVIDED TO DDC AS PART OF THE SERVICES.

Client represents and warrants (i) that, to the best of Client's knowledge, none of the Client Materials will infringe, misappropriate, or violate any intellectual property or other right of any person or entity, (ii) Client has the authority to provide to DDC the Client Materials, and (iii) Client's provision of the Client Materials shall not violate any local, state, or federal law, rule, or regulation.

Client represents, warrants and covenants that it, and its Users, will not upload, post or transmit to or distribute or otherwise publish through the Software any materials which (a) restrict or inhibit any other user from using and enjoying the Software, (b) are unlawful, threatening, abusive, libelous, defamatory, obscene, vulgar, offensive, harassing, pornographic, profane, sexually explicit or indecent, (c) constitute, or encourage conduct that would constitute, a criminal offense, give rise to civil liability or otherwise violate law, (d) violate, plagiarize or infringe the rights of third parties including, without limitation, copyright, trademark, patent, rights of privacy or publicity or any other proprietary right, (e) contain a virus, Trojan horse, worms, time bombs, robots or other harmful components intended to disrupt or interfere with the intended operation of the Software or any site on the World Wide Web, or (f) constitute or contain false or misleading indications of origin or statements of fact. In addition Client represents, warrants and covenants that it, and its Users will not (g) attempt to gain unauthorized access to the Software or the Client Sites of others, (h) use the Clients Sites or Services, or any part thereof, to harass or harm any other User or any other

- person in any way; (i) impersonate any person or entity, or falsely state or otherwise misrepresent its affiliation with a person or entity; (j) interfere with or disrupt the Software or servers of DDC; or (k) use the Client Sites or Services to violate any applicable, local, state, national or international law or regulation.
13. Notwithstanding any other provision of this agreement, Client shall defend, indemnify, and hold DDC, its officers, directors, members, employees, and agents harmless from and against any and all claims, awards, judgments, and damages arising from or related to (i) DDC's use of the Client Technology, (ii) DDC's use of the Client Materials, (iii) any personal injury or property damage resulting from the gross negligence or willful misconduct of Client's employees or agents, (iv) Client's failure to pay any taxes applicable to the services hereunder and (v) Client's violation of any applicable laws, rules or regulations. DDC shall defend, indemnify, and hold Client, its officers, directors, members, employees, and agents harmless from and against any and all claims, awards, judgments, and damages arising from or related to (i) a claim by any third party that the Services, Work Product, or Software infringe the intellectual property rights of any third party, (ii) any personal injury or property damage resulting from the gross negligence or willful misconduct of DDC's employees or agents and (iii) DDC's violation of any applicable laws, rules or regulations.
  14. Either party shall have the right to terminate this agreement at any time by giving at least thirty (30) days advance written notice to the other. Upon receiving such notice of termination from API, DDC Public Affairs shall cease incurring costs under the agreement, except with API's prior approval for such costs which are necessary to close out the agreement. In the event of such termination for convenience, DDC will refund to Client a prorated amount of any unused, prepaid fees for any products. Utilized License fees and consulting service(s) fees are non-refundable. Should DDC Public Affairs elect to terminate this agreement, it agrees to complete any assignments underway, if API so requests. If either party breaches a material provision of this Agreement, the other party may terminate this Agreement upon thirty (30) days notice unless the breach is cured within ten (10) days of receipt of such notice of material breach.
  15. Upon termination of this agreement, DDC Public Affairs shall return to API any information furnished hereunder by API, together with all documents, data or other material developed therefrom that are not the proprietary property of DDC Public Affairs.
  16. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, PUNITIVE, OR SPECIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF SUCH PARTY HAS BEEN PREVIOUSLY ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EXCEPT FOR THE SPECIFIC INDEMNIFICATIONS PROVIDED HEREIN, OR BREACH OF THE CONFIDENTIALITY SECTION CONTAINED HEREIN, DDC'S TOTAL LIABILITY (WHETHER ARISING IN TORT, CONTRACT, OR OTHERWISE, AND NOTWITHSTANDING ANY FAULT, NEGLIGENCE, PRODUCT LIABILITY, OR STRICT LIABILITY) UNDER THIS AGREEMENT WILL IN NO EVENT EXCEED THE TOTAL COMPENSATION PAID TO DDC FOR SERVICES AND WORK PRODUCTS RECEIVED WITHIN THE TWELVE MONTHS IMMEDIATELY PRECEDING THE FIRST OCCURRENCE OF THE CAUSE OF ACTION.
  17. DDC shall not be liable for failure or delay in performing its obligations hereunder if such failure or delay is due to circumstances beyond its reasonable control, including, without limitation, acts of any governmental body, war, insurrection, sabotage, embargo, fire, flood, strike or other labor disturbance, interruption of or delay in transportation; unavailability of,

interruption, or delay in telecommunications or third party Internet service providers; or failure of third party Internet service providers.

18. The failure of either party to enforce its rights under this Agreement at any time for any period shall not be construed as a waiver of such rights. No changes or modifications or waivers to this Agreement will be effective unless in writing and signed by both parties; and any modification of this Agreement must be specifically referenced. In the event that any provision of this Agreement shall be determined to be illegal or unenforceable, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable. Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party, and any assignment in violation hereof shall be void; provided, however, that a sale of all or substantially all of the stock of DDC shall not be considered an assignment. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland without regard to the conflicts of laws provisions thereof.
19. It is understood that DDC Public Affairs is acting as an independent contractor in its performance of any and all work hereunder, and the only obligations assumed by API are those set forth herein.
20. DDC Public Affairs will not use the trademark or name of the American Petroleum Institute or any abbreviation thereof, in any publicity, advertising, or for other promotional purposes without the prior written approval of API.
21. The terms and conditions of this agreement may only be modified in writing, and must be signed by the undersigned or their successors.
22. The laws of the State of Maryland shall govern this agreement.
23. In the event of inconsistencies between this agreement and its attachments, the express terms of this agreement shall govern.
24. Paragraphs 5-23 shall survive the termination of this agreement.

[Signatures appear on the following page]

If the above terms and conditions are acceptable, please sign below and return an executed copy of this agreement to API.

DDC PUBLIC AFFAIRS

AMERICAN PETROLEUM INSTITUTE

 \_\_\_\_\_

 \_\_\_\_\_  
William Keetle, Senior Vice President,  
Government Affairs

2/24/2020 | 10:34 AM PST

\_\_\_\_\_  
Date

2/28/2020 | 11:41 AM EST

\_\_\_\_\_  
Date



**STATEMENT OF WORK  
FOR  
PAC SERVICES FOR API  
JANUARY 2020 THRU DECEMBER 2020**

**Overview**

DDC Public Affairs PAC services and technology solutions, which will be fully integrated with API's existing grassroots database to provide a comprehensive solution that will help bolster and support API's public affairs programs.

- ◆ **Democracy Direct™ PAC** is DDC Public Affairs' robust, Web-based PAC management database system that simplifies the process of managing your PAC in a highly user-friendly format. The system enables you to file all the necessary compliance reports, track all PAC disbursements and receipts, and analyze and monitor your PAC efforts and activity with greater ease and efficiency. Since the system is Web-based, you can access your data online, 24 hours per day, allowing you more efficient PAC management capabilities.
- ◆ **PAC Compliance and Administration Outsourcing** provides you the expertise of a full team of seasoned PAC professionals, the convenience of complete administrative outsourcing of any or all of your PAC management needs, and the comfort of third-party accountability in ensuring an efficient, fully compliant PAC. Our outsourcing services will allow API to choose which compliance and reporting tasks work best for you—from managing disbursements and receipts and FEC filing to check request management and account reconciliation.

**Budget**

The figures below do not include any miscellaneous, out-of-pocket expenses — such as overnight delivery or courier fees, postage, copies, faxes, stock-image purchase or licensing fees, travel or accommodations, or administrative long-distance charges — which will be billed separately, at cost. The prices included in this quote are good for 30 days from the date of this proposal.

**Democracy Direct PAC**

<b>Application License</b> .....	
Database Hosting.....	INCLUDED
Twice-Monthly Payroll File Updates.....	INCLUDED
Online Access for Unlimited PAC Managers .....	INCLUDED
Technical Support for Up to 5 Authorized Users.....	INCLUDED
Monthly Loading of Employee, Retiree, and Organization File.	INCLUDED

**PAC Compliance and Administration Outsourcing**

DDC Public Affairs can provide API with any of the administrative and management services listed in the PAC Compliance section of this proposal. DDC offers several monthly PAC compliance retainer packages to meet the varying needs of clients. These retainer packages offer clients the ability to scale up or down on the number of service hours they receive as their PAC compliance needs grow or diminish over time. DDC recommends the following retainer package, which will provide adequate support for API's PAC compliance needs.

Any services performed that exceed the monthly hours allotted in the retainer will be billed at the standard hourly rate of \_\_\_\_\_ If API finds that it consistently exceeds its monthly package of service hours, DDC Public Affairs can work with API to develop a custom package of increased hours based on API's needs.

**5 Hours of PAC Services per Month .....**

**Website Updates & Maintenance and Newsletter Construction & Distribution...**

## Appendix A: Democracy Direct PAC

Democracy Direct PAC includes a complete array of PAC management resources in an easy-to-use format that will help you perform critical PAC administration functions more quickly and more smoothly, at both the federal and state levels. Democracy Direct PAC allows you to:

- ◆ File accurate compliance reports with the FEC and state agencies;
- ◆ Track PAC receipts and disbursements;
- ◆ Analyze the success of your solicitation efforts;
- ◆ Monitor and graphically display PAC activity.

The system is Web-based, which means that DDC Public Affairs will host and maintain all of your PAC data on our physically and electronically secure servers, and you'll be able to access the system 24 hours per day, seven days per week through your Internet browser. Access to your Democracy Direct PAC system will be restricted to authorized users at DDC Public Affairs and your organization, and all of your interactions with the system will be protected by 128-bit SSL encryption.

### ***Powerful PAC Management Tools Right at Your Fingertips***

With Democracy Direct PAC, you will enjoy all of the advantages of an in-house database, without the hassles of maintenance. DDC Public Affairs' team of database experts will handle all of the technical aspects of loading and maintaining PAC-eligible data within the system, leaving you free to focus your efforts on bigger-picture PAC goals. In addition, **the system simplifies, centralizes, and automates many of the PAC administration functions you perform regularly**, reducing the time and effort you put into PAC compliance. Democracy Direct PAC allows you to:

- ◆ **File FEC and state reports.** The system includes all FEC and state reports for PAC receipts and disbursements. DDC Public Affairs' in-house PAC team ensures that the system provides the latest versions of FEC and state report formats, so you can be sure that your reports meet state and federal campaign reporting requirements.
- ◆ **Access contribution and disbursement analysis reports.** You and any other authorized users have access to several standard and customized PAC analysis reports. This suite of reports will help you track receipts from eligible employees by subsidiary, division, or department and track disbursements to individual candidates and legislative committees, states, parties, cabinets and so on.

DDC Public Affairs can also develop custom reports for your organization that will enable you to track and display PAC progress based on virtually any criteria stored in the database. **We use Crystal Reports, an industry-standard report-building tool, to create high-impact, compelling reports—including charts, graphs, and other visual displays—that Democracy Direct can generate on a scheduled or on-demand basis.**

- ◆ **Ensure contributions and disbursements fall within legal limits.** The system will alert you to federal limits on individual contributions and candidate disbursements within a specific election cycle. For example, if you were to attempt to give more than \$5,000 in total contributions to a candidate or committee, you would be warned that your contribution was in excess of federal limits and asked if you wish to proceed.
- ◆ **Complete contribution check requests online.** You will be able to enter check requests into Democracy Direct PAC. These requests will be queued for reporting and for subsequent approval or rejection by appropriate PAC officials. Once the request has been

approved, you will be able to print the check from your office printer for delivery to the appropriate candidate.

- ◆ **Manage pledges and receipts.** The system will allow you to manage pledges and receipts to the PAC, as well as track pledge changes made by eligibles.
- ◆ **Reconcile PAC bank accounts.** Democracy Direct PAC features bank account reconciliation and reporting functions. These functions will help you keep track of your PAC bank account and reconcile the balance of your account to the total receipts and disbursements maintained in the system. *Only authorized PAC officials will have access to bank account information.*
- ◆ **Set up budgeting procedures.** The system includes a number of reports and administrative tools that can help you create and adhere to budgeting procedures for your PAC. For example, you will have the option of creating budget items in the database, linking expenditures to each budget item, monitoring expenditures, and producing reports.
- ◆ **Store, search, and segment extensive PAC data.** The flexibility of the Democracy Direct PAC system will enable you to store multiple addresses, phone numbers, fax numbers, and email addresses in each eligible and candidate/committee record. DDC Public Affairs can customize data fields for each record to your specifications to include organization-specific coding or information, PAC donor levels, executive levels, and even departmental designations. You will also be able to store an unlimited number of notes in each record to detail significant information for each eligible and candidate.

#### ***DDC Public Affairs Sets Up and Maintains the Democracy Direct PAC System for You***

We understand that the accuracy of the reports that you file with the FEC and state agencies is determined by the structure, functionality, and inclusiveness of the applications you use to maintain your PAC. We also know that these factors affect the value of the data you pull from the system. We take our role in PAC compliance and administration very seriously, and that's why we do more than any other company in the industry to prepare and process, and then update and maintain, all system information.

#### **Setting up the Democracy Direct PAC System for Your Organization**

DDC Public Affairs' technical staff will work with your organization to collect all necessary information on historical PAC activity and PAC eligibles and load it into the Democracy Direct database:

- ◆ **Converting and standardizing data for easy use.** Our technical staff will first convert PAC data files into a standardized format that can be migrated to the new system. Our experience in managing data transfer and conversion processes enables us to accept data in virtually any format or electronic media and standardize it so that the information can be easily viewed and analyzed. Our technical staff will work with your IT department to determine the best means to transfer data and ensure that the process of populating the system with the formatted data is conducted in the smoothest, most secure manner. This initial data load usually includes:
  - ※ Treasurer;
  - ※ Bank account information;
  - ※ Registered PAC identification numbers;
  - ※ Beginning bank balances;
  - ※ No fewer than three years of individual contribution data;
  - ※ The past six years of U.S. Senate and past three years of U.S. House PAC data, as available.

- ◆ **Cleansing data to ensure quality and accuracy.** We take every precaution to ensure the accuracy of the historical PAC records that are transferred, including receipts, disbursements, bank transfers, committee information, and so on. DDC Public Affairs carefully checks records to ensure the quality of the data and to guarantee that “bad” records do not compromise the accuracy or completeness of any of the database functions.
- ◆ **Reviewing and verifying your PAC data.** Once the data has been converted, loaded, and cleansed, DDC Public Affairs personnel ensure that Democracy Direct PAC conforms to current compliance standards and that no errors have been produced in the process of transferring data and integrating it into the new system. Our review processes are divided into two types—technical services reviews and PAC services reviews, which will:
  - ※ Verify dates of transactions;
  - ※ Verify transaction dollar amounts;
  - ※ Validate converted data to previously filed compliance reports.

### **Maintaining Your Democracy Direct PAC System**

Once built, the system requires regular maintenance. Maintenance not only ensures that critical PAC information is accurate and up-to-date, it also keeps the system’s functionality current with state and federal PAC requirements. Usual maintenance involves:

- ◆ **Uploading new eligible files.** DDC Public Affairs will work with you to establish a regular system for sending eligible information to our technical staff to load into the system. The data transfer schedule we develop will be critical to ensuring that records are updated to reflect the new status and any member changes.
- ◆ **Conforming software to meet FEC and state requirements.** The Democracy Direct PAC system includes all required federal- and state-level reports. DDC Public Affairs’ team of PAC specialists constantly tracks activity at the state and federal levels to keep abreast of any changes in the reports, such as their available formats and the information required to complete them. They work closely with our technical personnel to conform the system to any necessary changes required by updated reports.
- ◆ **Maintaining data in line with any new requirements.** As a result of any state or federal reporting changes, it may also be necessary to adjust the format in which the data is presented in the system. DDC Public Affairs’ technical staff and PAC team will work together to ensure that all PAC data is formatted in line with the latest federal and state campaign reporting requirements.
- ◆ **Updating candidate and incumbent information.** DDC Public Affairs maintains a comprehensive legislator file that includes party and contact information for more than 8,000 federal and state elected officials. This file also includes records for more than 36,000 committee assignments. DDC Public Affairs has a legislative research team dedicated to ensuring that the legislator file reflects the most accurate and up-to-date information available. Staff members call each federal and state incumbent on a continual basis to confirm all relevant information and enter any updated data.

## **Appendix B**

### **PAC Compliance and Administration Outsourcing**

DDC Public Affairs maintains a full PAC Compliance team with vast experience in PAC administration. Using DDC's PAC technology, they provide administration outsourcing to many of our PAC clients, ensuring that each PAC is fully compliant with federal and state statutory requirements.

Clients can choose which compliance and reporting tasks—from FEC filing to account reconciliation, and everything in between—they want DDC to perform at whatever level would provide the most benefit. Outsourcing your PAC compliance and administration tasks to our team of experts will provide:

- ◆ The **experience** of a full team of experienced PAC professionals;
- ◆ The **convenience** of complete administrative outsourcing;
- ◆ The **comfort** of third-party accountability in ensuring accurate FEC compliance and account reconciliation.

#### ***PAC Compliance Expertise***

DDC Public Affairs' team of PAC administration professionals is headed by DDC Senior Vice President Peter Sherman. An election law attorney who has been involved in politics and political fundraising since the mid-1980s, Sherman brings tremendous experience to DDC Public Affairs' PAC Administration division. He has provided legal services to Members of Congress, congressional candidates, party organizations, and PACs, so he understands in detail the daily requirements of operating a PAC. In addition, his experience as co-founder of the fundraising firm Campaign Finance Consultants has given him an understanding of the "big picture" of PAC fundraising and management.

Sherman's expertise is augmented by that of a team of eight PAC compliance experts, and—should your organization wish to outsource any PAC administration tasks to DDC—your PAC managers will have the benefit of the knowledge and experience of our entire team of PAC administration professionals; however, you would be assigned a single, dedicated PAC Services representative from this pool of experts to handle all of your PAC compliance needs. This individual would be available to you at all times to answer your questions and to provide individualized service and support to you and your PAC.

#### ***Comprehensive Administration and Compliance Services***

To help you manage your PAC over time, DDC can provide the following administrative services, working closely with your organization's PAC treasurer and other officers as needed.

#### **FEC Reporting**

- ◆ Prepare and file FEC reports on behalf of your organization.
- ◆ Review contribution data to ensure completeness and accuracy of information; e.g., contribution amounts, occupation, and employer information disclosed on FEC reports.
- ◆ Track and input data from bank statements so that interest received and bank charges incurred appear on reports.
- ◆ Review all PAC disbursements made by the PAC to ensure that all required data is reported in a complete and accurate manner.
- ◆ Review financial data being reported to the FEC for accuracy; e.g., make sure ending and beginning balances match and all contributions and disbursements are reported on proper schedules.
- ◆ Prepare amendments to previously filed documents, including assisting with the preparation of electronic transmittal letters.
- ◆ File copies of FEC disclosure reports with state election offices where required.

- ◆ Act as your organization's contact with the FEC regarding questions about disclosure reports.

#### **Disbursements**

- ◆ Manage check-writing responsibilities, including preparation of contribution checks.
- ◆ Ensure information is complete and accurate; e.g., checks are made payable to the proper committee, and check is sent to correct address. Prepare cover letters to accompany contributions to candidates and/or to other political committees.
- ◆ Forward checks and transmittal letters to the organization or directly to the recipient committee.

#### **Budgeting**

- ◆ Link expenditures to budget items.
- ◆ Monitor expenditures and tracking of budget items.
- ◆ Produce budget reports.

#### **Contribution Review**

- ◆ Review proposed contributions to ensure compliance with federal or state election laws; e.g., amount is within statutory limits.
- ◆ Ensure that each contribution, when aggregated with previous contributions, does not exceed any statutory limits.
- ◆ Ensure each contribution is being made in connection with the appropriate election.
- ◆ Identify the permissible source of each contribution.

#### **Collection and Deposit of Receipts**

- ◆ Collect and deposit checks into the PAC bank account.
- ◆ Deliver a complete record of all deposits.
- ◆ Coordinate the transfer of information regarding contributions made through automatic-deduction system(s), including payroll deductions.

#### **Account Reconciliation**

- ◆ Reconcile PAC bank accounts with the information in the database.
- ◆ Prepare bank reconciliation reports.

### APPENDIX C: SUPPORT SERVICES

DDC Public Affairs strives to provide our clients with an unparalleled level of support for their public affairs efforts. We can serve as a virtual extension of your staff, helping you with any and all aspects of your program, from technical assistance to strategic support, and everything in between. To ensure your needs are fully met, we offer three levels of support:

- ◆ **Technical Support via the Customer Care Center.** As part of the application license, we include technical support for trouble-shooting technical issues, changing user access levels, and answering product usage questions. Up to three authorized users may contact the Customer Care Center.
- ◆ **Solutions Consulting.** The Solutions Consulting team provides a variety of services to support the implementation and/or use of your DDC Public Affairs products. The services include process design and enablement, software configuration, data integration, end-user training, project management, and activation support.
- ◆ **Senior-Level Consulting.** DDC Public Affairs also offers senior-level consulting to provide clients with strategic guidance to help you meet your program's objectives through benchmarking, applying best practices, incorporating innovative methodologies, and ensuring your overall program strategy leads to success.