Barnes & Noble
COLLEGE

Barnes & Noble College Booksellers, LLC
120 Mountain View Blvd.
Basking Ridge, NJ 07920

April 9, 2020

Neil Markley
Sonoma State University

Re: Operating Agreement dated October 15, 2013 ("Agreement")

Dear Neil:

As you know, we recently discussed the impact COVID-19 is presenting to our business and our ability to serve your campus. As a result, we mutually decided to make temporary adjustments to certain financial terms in the Agreement. This letter outlines our understanding of that arrangement.

Effective April 1, 2020 the Guaranteed Amount as stated in Section 11.1 of the Agreement shall be eliminated in its entirety for the contract years of July 2019 through June 2021 ("Period"). During the Period, Barnes & Noble College will pay your institution the Percentage of Gross Sales as described in Section 11.1 of the Agreement. Thereafter, effective July 2021 the Guaranteed Amount will recommence.

Except as expressly modified in this letter, all other terms and conditions of the Agreement shall remain the same. All capitalized terms used but not defined in this letter refer to the definitions in the Agreement.

If you agree with the terms outlined above, please confirm by signing below and returning a copy of this letter to me at your earliest possible convenience.

We highly value our relationship with you and your campus community, and we are committed to providing the highest level of service we can through these unprecedented times.

Please let me know if you have any questions or would like to discuss the above. As always, I thank you in advance for your consideration and for your ongoing support and partnership.

All the best,

Kimberly Otte
Vice President, Stores

ACKNOWLEDGED AND AGREED:

Sonoma State Enterprises, Inc.

Sign: ____________________

Neil Markley
Chief Operating Officer

OPERATING AGREEMENT BETWEEN
SONOMA STATE ENTERPRISES, INC.
AND
BARNES & NOBLE COLLEGE BOOKSELLERS, LLC.

This Operating Agreement ("Agreement") is made as of October 15, 2013 between Sonoma State Enterprises, Inc. (alternatively "Sonoma State Enterprises." or "SSE") and Barnes & Noble College Booksellers, LLC. ("Barnes & Noble").

Recitals

WHEREAS, SSE, a not-for-profit corporation, authorized by the California State University (CSU) Board of Trustees, as an official auxiliary organization of Sonoma State University ("University"), and has entered into an Operating and Lease Agreement ("O&L Agreement") with the Trustees specifying certain responsibilities and obligations of SSE, the Trustees, and the University's; and

WHEREAS, SSE, pursuant to those rules and regulations of the O&L Agreement with the Trustees, established and operated retail services and associated activities at the University at the Existing Premises, as defined in Section 6.1 herein, and employed personnel and acquired equipment, supplies and merchandise for that purpose; and

WHEREAS, SSE and Barnes & Noble desire to enter into this Operating Agreement whereby Barnes & Noble shall assume the operation of the Stores as defined in paragraph 1.1 herein, and which the Trustees O&L Agreement expressly allows for such assumption; and

WHEREAS, Barnes & Noble has presented a written Management Proposal for the assumption of the operation of the Stores;

Now, therefore, Barnes & Noble agrees to provide Stores Operations and Management services for Sonoma State Enterprises, Inc. (SSE) at Sonoma State University, Rohnert Park, in accordance with the pricing, specifications, terms and conditions contained in the following documents, all of which by reference are made a part of this Agreement:

Rider A – SSE Bookstore Operation and Management RFP, dated February 20, 2013, consisting of twenty four (24) pages;
Rider B – SSE General Conditions, consisting of one (1) page;
Rider C – Barnes & Noble Proposal, dated March 28, 2013, consisting of fifty five (55) pages and Barnes & Noble Final Proposal, dated April 19, 2013, consisting of three (3) pages;
Exhibit A, Existing Premises Diagram, consisting of four (4) pages.

These documents constitute the sole and entire agreement between Sonoma State Enterprise and Barnes & Noble. These documents supersede all previous and agreements relating to matters contained herein. This Agreement may not be amended or otherwise altered except by mutual agreement in writing.

1. Stores

Subject to all the terms and conditions in this Agreement, upon the Effective Date (as defined in Section 3), Barnes & Noble shall assume, manage and operate the University Store (Store) and Tool Crib ("Stores" or collectively "Store") for SSE.

1.1 Barnes & Noble shall manage and operate the Stores at the Existing Premises (as defined in Section 6.1) and subsequently at the New Premises (as defined in Section 6.2) pursuant to the rules and regulations of SSE, the Trustees and the University, and in a manner which shall ensure that Barnes & Noble and SSE will at all times be in compliance with this Agreement.

2. Environmental Matter

To the best of its knowledge, Sonoma State Enterprise is not aware of any health or environmental problems which currently exist or are likely to develop in the building or physical facility which houses the Bookstore. Sonoma State Enterprise shall be responsible for remedying promptly any health or environmental problem at the Bookstore, other than those caused by Barnes & Noble, and notifying Barnes & Noble accordingly.

3. Term

This Agreement takes effect on July 1, 2013 ("Effective Date"), and continues, unless sooner terminated in accordance with Section 4, through June 30, 2023. Prior to contract expiration, parties will meet to evaluate Agreement performance. Upon mutual agreement of the parties in writing, the contract may be renewed for two (2) additional five-year terms.

4. Early Termination

4.1 The firm shall perform in accordance with the terms and conditions as stated herein and in accordance with the highest standards and commercial practices for operation of a bookstore located on a University campus. If the firm shall fail to fulfill or perform any material obligation of the firm as stipulated in the Agreement, and such failure not cured within thirty (30) days following written notice from SSE to the firm informing the firm of its failure to fulfill or perform said material obligation, then SSE may terminate this Agreement by providing the firm with written notice of termination.

4.2 Either party may terminate this Agreement with ninety (90) days written notice if Barnes & Noble initiates any bankruptcy, or is involuntarily placed in bankruptcy, becomes insolvent, or is the subject of reorganization or similar arrangements affecting the enforcement of creditors' rights or for the protection of creditors.

5. Rights upon Termination, Expiration or Non-Renewal

5.1 Termination, expiration or non-renewal of this Agreement shall not affect any right of either party accrued prior to such termination, expiration or non-renewal.

5.2 On any termination, expiration or non-renewal of this Agreement, SSE shall pay Barnes & Noble the undepreciated book value, calculated on the straight-line method over the Agreement term of all Store improvements, as defined in Section 6, paid by Barnes &

Noble. SSE and Barnes & Noble shall agree on the term of the depreciation as contemplated herein.

5.3 On any termination, expiration or non-renewal of this Agreement, SSE shall purchase, or cause to be purchased, the Stores inventory then on hand consisting of all merchandise in the Store, luding new textbooks, used textbooks, trade, reference and technical books, general merchandise, and credits with publishers or vendors.

SSE or successor contractor will cause all such merchandise to be inventoried by an independent firm. Barnes & Noble may observe the inventory if desired. SSE or successor contractor will make every effort to collect all vendor credits in a timely fashion and pay Barnes & Noble within ninety (90) days at the termination of the contract provided that SSE or successor contractor has received authorization from the bookstore vendor to transfer those credits to SSE or successor contractor. SSE or successor contractor will pay Barnes & Noble for all inventories within ninety (90) days of the termination of the contract term for the merchandise as follows:

a) New Textbooks
   1. All new textbooks (in quantities not exceeding course requirements) formally adopted for the following term and on hand at the time of inventory will be purchased by SSE or successor contractor at the actual cost paid by Barnes & Noble.
   2. All excess textbooks not accepted for return will be purchased by SSE or successor contractor at the current wholesale price.
   3. In determining overstock for adopted textbooks, new texts will take preference over used. For example, if the adoption for the following item calls for 40 texts and the Bookstore has 30 used texts on hand and 15 new texts on hand, then five of the used texts would be considered overstock.

b) Used Textbooks
   1. At the time of inventory, all used textbooks on hand that are formally adopted for the following term (in quantities not exceeding normal course requirements) will be purchased at Barnes & Noble's cost.
   2. All excess adopted used textbooks will be purchased by SSE or successor contractor at the current wholesale price.

c) Rental Textbooks
   1. SSE or successor contractor shall purchase Barnes & Noble rental inventory outstanding at the time of the transition at the buyback value (50% of the retail price).

d) Trade, Reference and Technical Books ("Trade Books")
   1. SSE or proceeding vendor will purchase Trade Books that are in clean and saleable condition at invoice cost.

e) General Merchandise
   1. SSE or proceeding vendor will purchase general merchandise in saleable condition at Barnes & Noble's cost.

2. Items not in clean and saleable condition will be set aside and purchased by SSE or proceeding vendor at a mutually agreeable price.

5.4 SSE and Barnes & Noble acknowledge that a new facility was built using tax-exempt bonds. If evaluated and bonds are required to be taxed and necessitates a modification to this Agreement, said modification will be by mutual agreement and will not entail a renegotiation of terms or conditions nor will it impact financial agreements or store operations as set forth in this Agreement.

6. **Store Locations and Store Improvements**

6.1 Upon the Effective Date of this Agreement, Barnes & Noble shall operate a bookstore in the facility commonly known as the University Store, the Tool Crib, concessions at Athletic and GMC events, and other school events (such as the Green Music Festival on the Fourth of July), and, upon opening, relocate to the Student Center to operate the University Store in the new location, all located on the campus of Sonoma State University and consisting of retail, office and storage space (together the "Existing Premises"). Barnes & Noble shall operate the Existing Premises as set forth in Exhibit A. Barnes & Noble will provide and maintain a POS system.

The University Store is currently located on the north side of the Stevenson Quad in a free standing building between the Commons, a campus dining facility, and the Gymnasium.

The existing University Store is 10,486 square feet (includes retail space, two (2) offices, and two (2) storage containers located at the back of the store.) A shipping/receiving space with a truck dock is shared with the Commons. There is no room to expand the University Store in the current location.

6.2 SSE will be looking to open a new bookstore facility within the term of this agreement (the "New Premises") as part of the Student Center project. It is understood that Barnes & Noble will participate in the development of the new store design and will provide such store design services as a part of the capital investment at no cost to SSE. In the event that the Student Center project does not proceed; this Agreement shall continue to apply with respect to the operation in the Existing Premises for the remainder of the term of the Agreement.

The University is currently constructing a new Student Center which is anticipated to be completed in Fall 2013 and will house: cash and residential dining venues, meeting spaces, Associated Students, Campus Life, Multicultural Center, Copy Center, the Student Union, and the University Store. The campus University Store will be up to 10,680 square feet in the new location and mutually agreed upon. The space is currently being built out as a vanilla box and Barnes & Noble will be responsible for designing and finishing the interior of the new University Store with a capital commitment of $250,000. Construction on the new facility may commence prior to the actual contract start date. Construction activity for the new Student Center University Store will be coordinated with and completed by the current general contractor. In coordination with SSE and SSU, Barnes &

Noble will use their contractor for fixtures, furnishings and equipment, hereinafter referred to as (FFE), upon approval of Sonoma State Enterprises and Sonoma State University.

There are additional retail opportunities located on the first floor of the Student Center. These spaces range from 330sqft to 393sqft each. Barnes & Noble may be afforded the opportunity to utilize one of these spaces.

California registered Architect/Engineered stamped construction documents and specifications for State Fire Marshal SFM, Division of the State Architect, DSA and Willdan review and approval will be prepared by the Student Center Architect of Record under the direction of Barnes & Noble. The fees associated with the above architectural and engineering services will be the responsibility of SSE.

The construction documents and specifications for the University Store Improvements shall be complete for Public Bid should SSU construct a new facility. Barnes & Noble shall prepare complete construction documents and specifications for review and approval by SSE at each Phase of documentation: Programming, Schematic Design, Design Development and Construction Documents Phases, and shall work closely with SSE to develop an SSE acceptable "design" and "space plan" which includes but is not limited to: Floor Plan(s), Interior Elevations, Casework Design, Reflected Ceiling(s)/Lighting Design and Interior Finish Plan(s). SSE shall have the final approval over all the Contract Documents and Specifications. Barnes & Noble shall prepare SSE approved documents for the required review and approval by the University Capital Planning, Design and Construction Department. SSE's approval shall not be unreasonably withheld and SSE shall use its best efforts to obtain the approvals of the University.

Barnes & Noble and SSE shall mutually agree upon the project schedule: Programming, Schematic Design, Design Development and Construction Documents, Bid and Construction Phases. SSE shall review, comment, and approve on each Phase of the Contract and schedule in a reasonable time frame to allow the project completion date to be met. The new store design shall be approved by SSE.

The University Store Improvements shall comply with all the requirements of the Americans with Disabilities Act, (ADA), and all other applicable codes, laws and regulations governing construction documentation in the State of California and the California State University System.

In addition to the main University Store location, Barnes & Noble shall operate mutually agreeable ancillary locations currently established on the campus and others that may be added in the future. Current locations include "The Tool Crib", a satellite store providing art supplies at the Art Department Building. Said operation is not intended to be a sublease, assignment or license agreement with Barnes & Noble, but an operation agreement consistent with the terms and conditions of this Agreement. The Tool Crib hours range from 4-5 hours per day.

Finally, the University Store provides concession sales at campus events and works in collaboration with campus groups and departments. The University Store will also provide concession sales for the events taking place at the Green Music Center (GMC). The GMC is a unique venue on campus and sales will be permitted in the following manners: University Store will sell merchandise, University Store will provide consignment sales on behalf of the artist or group, and/or the artist or group may conduct sales directly. These types of sales will only be permitted at the GMC.

7. General Rights and Responsibilities of Barnes & Noble

7.1 Barnes & Noble shall operate the Stores in accordance with the highest standards and commercial practices in the college bookstore industry. Barnes & Noble shall comply with all laws, ordinances, rules, orders, and regulations of federal, state and municipal governments, and of any and all of their departments, divisions, bureaus, and subdivision, applicable to the operation of the Bookstore.

7.2 The naming right of the store shall remain with SSE. It is understood that during times of official campus closure by the University, campus services may be interrupted.

Barnes & Noble shall maintain a schedule of operating hours and weeks of business for the Bookstore in accordance with the official SSU calendar and in mutual agreement with SSE in meeting the needs of the students, faculty and staff. Bookstore hours will be extended during each registration period, during the first two weeks of the fall and spring semesters, and the first week of each summer session.

7.3 Barnes & Noble Shall Provide to SSE at Barnes & Noble's Expense

All operating expenses of the Bookstore including those related to:

a) Employees, including payroll and payroll system costs, and employee benefits.

b) Bill paying and accounting, including sales tax collection, reporting and payment for merchandise sold, except any property or municipal taxes on the Bookstore.

c) Office equipment maintenance and repair.

d) General custodial services.

e) Loss prevention services.

f) Long distance telephone services, through a vendor selected by Barnes & Noble.

g) Barnes & Noble employees shall obtain permits and pay the same parking fees as other SSE and University staff. (Barnes & Noble employees must abide by all applicable parking regulations)

h) Barnes & Noble will extend credit to the University and SSE for departmental charge accounts

7.4 Barnes & Noble shall operate the Bookstore as an independent contractor and with its own credit and preferred vendors, with the facility and equipment agreed upon. Services of the Bookstore shall include the following:

a) The Bookstore shall be Sonoma State Enterprise's exclusive buyer and seller of all required, recommended or suggested course materials and supplies, including books, course packs, computer software, textbook rentals, and materials published or distributed electronically and/or through learning management systems, or sold over the Internet. As used in this Agreement, "Internet" includes the World Wide Web and any proprietary on-line service. Barnes & Noble will provide exclusive on-line services through our web site and have first right of refusal to fulfill any distance learning material needs. Should Sonoma State decide to offer course materials (defined as print textbooks, trade books, course packs, etextbooks, digital products and adaptive learning and assessment materials) through a course fee model, and if Barnes & Noble can provide those services, Barnes & Noble shall have the right of first refusal provided that the price of the material is competitive with other retailers to distribute the materials (during the term of this Agreement.

b) The Bookstore shall accept all campus debit card and financial aid transactions for Bookstore merchandise typically sold in college bookstores. Payments for campus debit card sales will be guaranteed by Sonoma State Enterprise and are payable within 30 days of invoice date.

c) The Bookstore shall also be Sonoma State Enterprise's exclusive "on-campus" and Internet seller of other items typically sold in college bookstores, such as books in addition to those described in (a) above, educational supplies, notebooks, stationery, desk and room accessories, gift items, class and alumni rings and jewelry, and clothing, including any and all such items bearing a Sonoma State University emblem, logo, insignia or other identifying mark.

d) Sonoma State Enterprise shall not contract with any third party to provide any services of the type outlined in this Agreement whether on or off campus, through e-commerce sites, hyperlinks to alternate sources, or otherwise endorsed or supported by Sonoma State Enterprise.

e) Barnes & Noble will have first right of refusal for other retailers that would directly compete with Barnes & Noble's academic retailing program.

f) The Bookstore shall be the exclusive agent for the rental and/or sale of graduation caps and gowns and commencement invitations.

g) The Bookstore shall also have a non-exclusive right to sell convenience store items such as food, health and beauty items, and other sundries.

h) Barnes & Noble will provide exclusive custom publishing services for Sonoma State University. Such services will include the development of course packs for faculty members, securing the appropriate copyright clearances, printing and binding of course packs and distribution and sale of the course packs in the

Bookstore. Complimentary desk copies of course packs will be provided to faculty members. Sonoma State University's Campus Prints department will have the first right of refusal to print materials at competitive prices with return privileges.

i) Barnes & Noble shall provide special book order services for students, faculty, and staff and make every effort to obtain the earliest possible delivery of such books.

j) Barnes & Noble will allow full-time faculty and staff of Sonoma State University a 10% discount on all merchandise available at the Bookstore except adopted textbooks, special orders, sale books, class and alumni rings, computer software, periodicals, discounted merchandise, computer hardware, stamps, health and beauty aids, food snacks, and beverages.

k) Barnes & Noble will offer a 20% discount on all authorized departmental purchases except adopted textbooks, special orders, sale books, class and alumni rings, computer software, periodicals, discounted merchandise, computer hardware, stamps, health and beauty aids, food snacks, and beverages.

l) Barnes & Noble will provide the latest up-to-date technology system for Faculty ordering in a reasonable period of time.

m) If Sonoma State Enterprise accepts advertising for any of its materials or publications that it distributes or makes available to its students, including without limitation any course offering list, or if Sonoma State Enterprise permits tabling or other third-party promotional activities at any event sponsored by Sonoma State Enterprise or located on the Sonoma State University campus, Sonoma State Enterprise agrees that:

(a) it shall give the Bookstore reasonable advance notice of the deadline for placing such advertising or participating in such tabling or other promotional activities;

(b) the Bookstore shall have the right to place its desired advertising in such materials and to participate in such tabling or other promotional activities; and

(c) Sonoma State Enterprise shall not accept advertising in such material from, or permit tabling or other promotional activities at any of such events by any seller of college textbooks and/or course supplies other than the Bookstore.

n) Occasional sales by SSU student groups or SSU student government organizations that do not materially impact Store sales are not prohibited.

o) If there are retailers who SSE would like to do business with, SSE will notify Barnes & Noble and come to a mutual Agreement, and such Agreement will not be unreasonably withheld.

7.5 Book Orders and Deadlines:

Barnes & Noble shall fill orders for books and required supply items from term to term in accordance with textbook and supply adoptions by the faculty. The Bookstore manager shall be given notice by the faculty or authorized department designees of the textbook and supply adoptions for all courses offered as follows:

a) On or before October 1 for the spring semester.

b) On or before March 1 for the summer sessions.

c) On or before April 1 for the fall semester.

The above dates are targets. The Bookstore and SSE will make their best efforts to meet the above dates.

7.6 In accordance with University graphic standards and approval process, Barnes & Noble may utilize the University seal (Commencement-related items only), logo, and associated trademarks and service marks on the Store's Internet site, signage, collateral materials, soft goods, notebooks, pens, pencils, decals and other goods traditionally sold in college and university bookstores for the duration of this agreement. Approval of other uses of the University seal or logo must be made by the University Affairs Office. No other online or brick-and-mortar retail bookseller may utilize the University's name or marks.

7.7 Barnes & Noble shall cooperate with SSE and the University in providing Store security, theft prevention, and emergency procedures in case of fire or casualty including an Emergency Evacuation Plan approved by University Police Services. University Police shall be the first point of contact with regard to security and safety issues.

7.8 Barnes & Noble shall collaborate with the University Police personnel concerning questions of discipline, enforcing regulations, and internal security and theft control. Should students, faculty, or staff be suspected of theft or disturbance, University Police will be the first respondent and will enforce the law accordingly. Barnes & Noble shall leave a key with the University Police and the Sonoma State University Facilities Department for emergency use. Barnes & Noble shall be notified of any access to the facility within 12 hours.

7.9 Barnes & Noble may use off-campus alarm services at its own expense, outside of the University Police Services. If an off-campus alarm monitoring vendor is used, said vendor shall notify SSU Police Services should a response to the campus bookstore by the vendor be required as a result of the alarm. The alarm monitoring vendor will be advised by Barnes & Noble that firearms, with exception to peace officers, are not permitted on campus. Sonoma State University Police may send officers as the initial responders to an unauthorized alarm activation if the alarm vendor is unavailable.

7.10 In its operation of the Stores, Barnes & Noble shall pay all financial obligations to SSE and to third parties in a timely manner. SSE shall not be responsible for and nothing in this Agreement whatsoever shall make SSE responsible for Barnes & Noble's third party obligations.

7.11 Barnes & Noble shall collect and pay or otherwise discharge any sales tax or similar tax on its retail sales, and applicable income taxes on its revenues. Barnes & Noble acknowledges that Sonoma State Enterprises is currently not assessed any property tax on its retail facilities. If, because of this Agreement, possessory interest taxes are mandated by taxing authority, SSE and Barnes & Noble shall work to mitigate the assessment to the best of their ability, however, Barnes & Noble shall ultimately be fully responsible for the payment thereof.

7.12 Barnes & Noble shall obtain and maintain at its sole expense and in its name, all necessary licenses and permits and make any necessary regulatory filings required to perform the services described herein.

7.13 Barnes & Noble shall abide, and require its employees to abide, by applicable Sonoma State University and Sonoma State Enterprises regulations and policies.

7.14 Barnes & Noble shall abide by all federal, state and local laws applicable to its operation.

7.15 In performing this Agreement, Barnes & Noble shall not discriminate based on age, race, sex, creed, color, religion, sexual orientation, marital status, covered veteran's status, or disability protected under the ADA.

7.16 Barnes & Noble shall be responsible for any loss or damage to property owned by SSE that is in Barnes & Noble's possession or control or is caused by Barnes & Noble or its employees or agents in the course and scope of their employment.

7.17 Barnes & Noble will make its corporate representatives available to SSE to discuss and resolve any operational issues.

7.18 Barnes & Noble shall be responsible for daily cleaning of the Store interior, including provision of basic janitorial equipment and supplies, sweeping, dusting, and removal of trash and recyclables to the appropriate receptacles. In addition, Barnes & Noble will be required to participate in the University's recycling program.

7.19 Barnes & Noble will adhere to, abide by and respect product or branding exclusivity rights that may currently exist or be granted in the future by Sonoma State Enterprises and/or the University. Sonoma State Enterprises will be responsible for communicating and advising Barnes & Noble of any existing agreements and consulting and advising of pending negotiations now and in the future as they arise.

7.20 Barnes & Noble shall not, during the term of this Agreement, own in total nor have any interest in a bookstore operation in the city of Rohnert Park, Cotati or within five (5) miles of the University for the purpose of selling textbooks, trade books, or educational materials to University students. Nor shall they have a competing website selling such items typically sold in a University Bookstore without the University's consent.

8. <u>General Rights and Responsibilities of Sonoma State Enterprises</u>

8.1 Sonoma State Enterprises shall provide to Barnes & Noble at SSE's expense:

a) Heat, light, utilities, and air conditioning as is reasonably required for operation of the Bookstore.
b) Internal and external building maintenance, including, but not limited to, plumbing, electric, light bulbs, HVAC and other mechanical systems, fire protection, roof membrane and structure, floors, walls, ceilings, windows and doors;
c) Office equipment currently being utilized by B&N furniture and fixtures, file cabinets, telephone equipment and wiring and telephone service (including campus telephones and campus telephone service), and office machines will be available for Bookstore use.
d) Reasonable access to SSE's telecommunications and network systems as required to install, at Barnes & Noble's sole expense, T1 lines and associated connectivity for Barnes & Noble's point-of-sale systems;
e) All debit or credit card or other financial services made available by Sonoma State Enterprise to its students.
f) Trash bin removal and extermination services for the Bookstore.
g) SSE will make its best effort to place an electronic link to the bookstore's web site on the SSU home page.

8.2 SSE will name a representative authorized to advise Barnes & Noble of SSE's approvals, consents and instructions under this Agreement. Such designated official shall meet regularly with Barnes & Noble to discuss Bookstore Operations. In addition, it is understood that a Bookstore Advisory Committee may be established for the purpose of reviewing bookstore operations.

8.3 SSE may prohibit sale of any item. Tobacco and alcohol products are strictly prohibited.

9. <u>Personnel</u>

9.1 Barnes & Noble will furnish sufficient adequately trained personnel to provide efficient and courteous service to customers, including sufficient substitute personnel in case of employee absence. During peak "rush" period, Barnes & Noble shall utilize sufficient additional employees at the University Store to avoid unnecessary lines and to expedite making educational materials available to students. Barnes & Noble will comply with written requests by SSE to remove or reassign store personnel for good cause. In addition, Barnes & Noble will provide ongoing training in customer service and will formally recognize and reward employees who provide superior customer service.

9.2 Sonoma State Enterprises will participate in interviewing and evaluation of Barnes & Noble's Store Manager. Barnes & Noble's selection of the Store Manager is subject to Sonoma State Enterprises' written approval.

9.3 Barnes & Noble will employ students of Sonoma State University at the Bookstore whenever reasonably possible. Starting student wages shall not exceed rates of SSE student employees.

10. <u>Sales</u>

10.1 In operating the Store, Barnes & Noble will charge industry standard, competitive and fair prices, as follows:

a) Textbook Pricing Policies:
   - "List-Priced" new textbooks will be sold at no higher than the publisher's list-price.
   - "Net-Priced" new textbooks will be sold at no higher than a twenty-five percent (25%) gross profit margin. "Net Priced" books are defined as books purchased from publishers that do not have a publisher's suggested list price, or where the publisher's discount to the bookstore is less than 20 percent.
   - Digital textbooks and rental textbooks should be sold at prices competitive in the local area and competitive in the university bookstore industry. If requested by SSE, the firm will provide a market study on digital or rental textbooks to verify competitive pricing for the local area and other Universities.
   - Used textbooks will be sold at no higher than seventy-five percent (75%) of the current new textbook price.
   - Course packs and custom published materials will be sold at no higher than a twenty-five percent (25%) gross profit margin.
   - There will be no add-ons or surcharges to cover freight, handling, publisher re-stocking fees, etc. (i.e., the above formulas will be applied to the actual price listed on the publisher's invoice in order to determine the selling price of a particular textbook.)

b) Barnes & Noble shall sell trade books, reference books, and other non-textbooks at the publisher's list price, or if there is no list price, at prices competitive in the local area and competitive in the university bookstore industry. It is customary for New Fiction and Non-Fiction to be discounted by a certain percentage.

c) Barnes & Noble shall sell all other merchandise (clothing, giftware, supplies, etc.) at prices competitive in the local area and competitive in the university bookstore industry. If requested by SSE, the firm will provide a market study on common general merchandise to verify competitive pricing for the local area and other Universities. Retail prices of general merchandise will be sold at the manufacturers' suggested retail prices or lower, if applicable.

d) Barnes & Noble shall sell pass-through items as mutually agreed upon by Sonoma State Enterprises and Barnes & Noble. At the least, pass-through items shall include site licensed software by Sonoma State University IT department. Pass-through sales will be non-commissionable.

e) SSE has the right to audit the firm's records, vendor invoices, publisher invoices, etc., to verify adherence to the established pricing policies.

f) Barnes & Noble will be setting rental fees at competitive rates for each title, and any given title's fee may vary as a percentage of the retail selling price.

g) School supplies will be priced at or below manufacturers' suggested retail prices.

h) Barnes & Noble shall, upon request, provide proof of conformity to pricing policies as specified herein.

10.2 Barnes & Noble shall offer and operate a textbook rental program that is competitive with other Textbook Rental Programs in the industry.

10.3 Barnes & Noble will expeditiously process text requests placed after the adoption deadline.

10.4 Used Book Purchase and Resale:

Barnes and Noble shall buy books from Sonoma State University faculty, staff and students at the following prices:

a) When the Bookstore has been notified that the book will be used at Sonoma State University the following semester: 50% of the customer's purchase price (provided the book is a good used copy) until the Bookstore has filled its quota.

b) In the absence of such notification, or if the book will not be used for the following semester, or is to be replaced shortly by a revised edition according to an announcement of the publisher, the book will be purchased at the wholesale price.

10.5 Refunds and Exchanges:

Barnes & Noble will accept returns in accordance with the following policies and these policies will be posted conspicuously and without equivocation:

a) <u>Textbooks</u>

The Bookstore will issue refunds in the original form of payment for textbooks purchased at the Bookstore if returned in the original condition, with an original receipt and within the first week of classes. Within 30 days of the first day of classes, textbooks will be refunded with an original receipt and with a valid proof of add/drop.

b) <u>General Reading Books, Medical and Specialty Reference Books, Software, Audio, Video, & Small Electronics</u>

The Bookstore will issue refunds in the original form of payment if returned in the original condition, with an original receipt and within fourteen (14) days of purchase. Opened software, audio books, DVDs, CDs, music and small electronics may not be returned for a refund but can be exchanged for the same item if defective.

c) <u>All Other Merchandise</u>

The Bookstore will issue refunds in the original form of payment any time during the semester for other merchandise purchased at the Bookstore if returned in the original condition and with the original receipt. If without a receipt, a store credit will be issued at the current selling price.

Refunds or Exchanges will not be issued for the following items: food and beverages (unless expired food products), unwrapped loose leaf books, activated eBooks, custom course materials, outlines, study guides, school guides, magazines and prepaid cards.

Any changes to the refund policy shall be mutually agreed upon by Barnes & Noble and SSE.

10.6 In operating the Store, Barnes & Noble shall accept as a minimum, cash, personal checks, major credit cards, bank debit cards, department charges and Wolfbucks (prepaid declining balance card). Barnes & Noble will pay all costs and merchant charges associated with acceptance of these credit cards and will be solely responsible for collection of debts resulting from these transactions. We do not currently have fees in place; however, we do not anticipate charges to be higher than prevailing credit card processing rates. In addition, Barnes & Noble will participate in the University campus card program including, but not limited to, accepting Wolfbucks in the Store and working with the University administration to successfully implement the appropriate technology needed in the bookstore to process Wolfbucks transactions in the future. Barnes & Noble shall incur all costs associated with accepting the Wolfbucks Card in the Store, including any transaction fees, cost of readers and applicable service charges. Service Charges have been established at two percent (2.0%) and can be changed at SSE's discretion.

11. <u>Commission and Capital Investment</u>

In addition to other payments set forth herein:

11.1 Guaranteed Payment / Percentage of Sales:

On an annualized basis, Barnes & Noble shall pay Sonoma State Enterprise the following guaranteed payment **<u>or</u>** the applicable percentage of gross sales at the Stores, whichever is greater.

Guaranteed Amount: **$300,000**

OR

13.5% of all gross sales up to **$2,500,000**
14.5% of all gross sales over **$2,500,000**

As used in this Section 11, "annual" and "year" shall be defined as July 1 through June 30 for the term of the Agreement.

With exeption to the first year of this Agreement, which shall be based on a full year, if any contract period is less than a complete year; the payments shall be based on the percentage of gross sales at the Bookstore.

Gross sales is defined as all collected sales at the Stores, including textbook rentals and sales from your bookstore website, less voids, refunds, sales tax, discounted departmental sales, handling fees associated with non-return of rental textbooks, campus debit card fees, discounted faculty/staff sales, pass-through income,, merchandise sales at less than a 20% gross margin such as computer hardware as reasonably determined by Barnes & Noble, and other merchandise mutually designated as non-commissionable. When Barnes & Noble sells digital content as an agent, Barnes & Noble's agency fee shall be the applicable gross sales for such digital content.

If annual gross sales of the Bookstore shall materially decline as a result of declining enrollment (i.e., decrease 5% or more), public legislation, other conflicting campus agreements, material changes in school policies or the business model of the industry, such as digital books, sales directly from the publisher, or other reasons outside of the control of Barnes & Noble, Sonoma State Enterprise agrees to negotiate in good faith with Barnes & Noble an appropriate reduction in the payments set forth above.

During any period of major construction when the Bookstore is meaningfully disrupted by construction, Barnes & Noble will pay the school according to the percentage formula only.

11.2 For each year of the contract, Barnes & Noble shall pay **1%** of annual sales to help offset utility expense.

11.3 Barnes & Noble shall guarantee minimum commission of no less than **$300,000** to SSE in each and every year during the term of Agreement.

11.4 Barnes & Noble will shall commit to $250,000 to design, construct, equip, and install fixtures in the Student Center location.

11.5 Barnes & Noble shall provide a one-time **$50,000** Facility Investment to be utilized at the discretion of SSE and the University.

11.6 Barnes & Noble shall provide SSE **$8,000.00** cash as an annual, unrestricted, donation payable within forty-five (45) days of the execution of the contract, and each subsequent year on the contract anniversary date.

11.7 Barnes & Noble shall keep complete and accurate records of all Store transactions in accordance with industry accounting practices and will provide a statement of Store gross revenue to SSE monthly for the preceding period. Barnes & Noble will preserve records of store operations for 5 years from the transaction date, and will make them available for review, audit and verification by SSE at the Store upon request on reasonable advance notice during ordinary business hours other than during Store "rush" periods. All records shall be in a form and style which conforms to this Agreement. On an annual basis, the firm will submit a detailed store financial statement to SSE. At a minimum, the store financial statement will include:

- Sales by Category/Department
- Total Sales
- Cost of Goods Sold
- Gross Margin
- Personnel Expenses
- Direct Operating Expenses

- Indirect Expenses (e.g., Management Fee, Firm Overhead Charges)
- Rent/Commission paid to SSE
- Profit/Loss
- Dollar Amount of "Retail Textbook Buyback"
- Dollar Amount of "Wholesale Textbook Buyback"

Should a material violation occur, Barnes & Noble will correct the problem and pay the additional amount and pay for all audit expenses.

11.8 In addition, SSE shall have full access at all times to the Bookstore accounting records, including all cash registers at the Bookstore being used by Barnes & Noble, with or without notice. Cash register control totals will be used to verify the cash sales reported. Additionally, all registers shall have:

a) Cumulative, non-resettable counters of either the total reset-clearings or the total cumulative activity.
b) Receipt and detail tape provisions.
c) Display window for customer viewing.

11.9 Payment Schedule:

Applicable guaranteed payments as set forth above hereof shall be made **monthly** by Barnes & Noble to SSE and shall be paid within thirty (30) days after the close of the **month** in which they were earned. The final payment for any year shall be made within thirty (30) days after the end of the applicable contract year, and will include any adjustments required by the percentage of gross sales formula set forth above. Each payment shall be accompanied by a detailed statement of its computation (sales report.)

12. Insurance

SSE requires that the firm shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of the work hereunder by the Firm, his agents, representatives, employees, or subcontractors.

Firm shall maintain commercial general liability insurance in an amount not less than $2,000,000 per occurrence for bodily injury, personal injury and property damage. If a general aggregate limit is used, either the general aggregate limit shall apply separately to this project or the general aggregate limit shall be twice the required occurrence limit.

Firm shall maintain automobile liability insurance in an amount not less than $2,000,000 per accident for bodily injury and property damage.

Firm shall maintain Worker's Compensation insurance as required by the State of California and Employer's Liability Insurance in an amount not less than $2,000,000 per accident for bodily injury or disease.

Firm shall not commence performance of any work under this contract until the University is provided with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by the University.

The required insurance must be in effect prior to awarding the contract and it or a successor policy must be in effect for the duration of the project. Maintenance of proper insurance coverage is a material element of the contract. Failure to maintain or renew coverage or to provide evidence of renewal may be treated by the University as a material breach of contract and subject the contract to termination. The University reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

Firm shall disclose deductibles or self-insured retentions (SIRs) for approval by the University. The general liability and automobile liability policies shall be endorsed to provide:

The State of California, the Trustees of The California State University, California State University, Sonoma State University, Sonoma State Enterprises, Inc. and their employees, officers, directors, volunteers and agents (collectively "University") are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the SSE including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage shall be provided in the form of an endorsement to the SSE's insurance at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used).

1. That the SSU, SSE, its trustees, employees, officers, and volunteers are covered as additional insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the firm; and with respect to liability arising out of work or operations performed by or on behalf of the firm including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the firm's insurance, or as a separate owner's policy. If the project involves subcontractors, the subcontractors must be endorsed as insureds under the firm's policy.

2. That the insurer will not cancel insured's coverage without 30 days written notice by certified mail, return receipt requested, to SSE.

3. That for any claims related to this project, the firm's insurance coverage shall be primary as respects SSE, its trustees, officers, employees, and volunteers. SSE's insurance or self-insurance shall be excess of the firm's insurance and shall not contribute to it.

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

12.1 INDEMNIFICATION: Barnes & Noble agrees to hold harmless, defend, and indemnify the Sonoma State Enterprises, Inc. (SSE), State of California, California State University Trustee's, Sonoma State University and their respective officers, agents, employees and volunteers, from any and all claims, damages, losses, causes of action and demands, and all costs and expenses incurred in connection therewith, resulting from or in any manner arising out of or in connection with any negligence on the part of the Contractor, its officers, agents, and employees, in the performance of this agreement.

12.2 If SSE causes any work to be performed by a third party on the building housing the Store, then SSE will provide Barnes & Noble an industry standard Certificate of Liability Insurance from the third party's insurance company (ies) showing Barnes & Noble, SSE and the University as an additional insured under the third party's Commercial General Liability policy and Business Automobile Liability policy. Both policies shall show combined single limits of not less than $1,000,000 per occurrence.

13. Independent Contractor Status

The relationship of the parties is that of independent contractors, and no tenancy, partnership, joint venture, agency, fiduciary or other relationship is created.

14. Non Assignability

Neither party may assign or sublet this Agreement in whole or in part without the prior written consent of the other party. Nothing in this agreement, express or implied, is intended to and shall not confer upon any person other than the parties to this Agreement and their respective successors and assigns, any rights or remedies by reason of the Agreement.

15. Contract Amendments and Notices

No change, modification or amendment of this agreement shall be valid unless the same shall be in writing and signed by both parties hereto. Notices required or permitted by this Agreement shall be deemed given when received if sent by recognized overnight courier or first class mail, postage prepaid, to the following address, or such other address as the party may specify by notice:

To Sonoma State Enterprises, Inc.:

Neil Markley
VP and Chief Operating Officer
1801 East Cotati Avenue
Rohnert Park, CA 94928

With copy to:

Jenifer Crist, Purchasing Manager
Contracts & Procurement
Sonoma State University
1801 East Cotati Avenue
Rohnert Park, CA 94928

To Barnes & Noble College Booksellers, Inc.:

Contract Administration
Salazar Hall, Room 2058
Basking Ridge, NJ 07920

With copy to:

Lori Schmit
Regional Manager
Barnes & Noble College
3900 SE Aldercrest Road
Milwaukie, OR 97222

Kim Otte
Vice President, Store Operations
Barnes & Noble College
2605 Sagebrush Drive, Suite 102
Flower Mound, TX 75028

16. Severability

If any provision of this Agreement is finally adjudicated illegal, invalid, in excess of the authority of either party hereto or otherwise unenforceable, then such provision shall be severed, and the remainder of this Agreement shall remain in force as if such adjudicated provision were never included in this Agreement.

17. Representations and Warranties of SSE

SSE hereby makes the following representations and covenants to Barnes & Noble:

17.1 That this Agreement has been duly executed by SSE, is a legal, valid and binding obligation of SSE and is enforceable in accordance with its respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium and other laws affecting creditors' rights, or by the application of equitable principles.

17.2 That SSE has full authority and right to enter into this Agreement and that the entering into will not constitute a default under any agreement to which SSE is a party.

18. Representations and Warranties of Barnes & Noble

Barnes & Noble hereby makes the following representations and warranties to SSE:

18.1 That this Agreement has been duly executed by Barnes & Noble, is a legal, valid and binding obligation of Barnes & Noble and is enforceable in accordance with its respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium and other laws affecting creditors' rights, or by the application of equitable principles.

18.2 That Barnes & Noble has the full authority and right to enter into this Agreement and that the entering into will not constitute a default under any agreement to which Barnes & Noble is a party.

18.3 If Barnes & Noble is a corporation or a partnership, or is comprised of either or both of them, each individual executing this Agreement for the corporation or partnership represents that he or she is duly authorized to execute and deliver this Agreement for the corporation or partnership and that this Agreement is binding upon the corporation or partnership in accordance with its terms.

18.4 Barnes & Noble shall comply with, keep, observe and perform all agreements, conditions, covenants, and terms (express or implied) required to be performed by it contained in all contracts for the use of the Stores and all other contracts affecting or involving the Stores to the extent that Barnes & Noble is a party thereto.

18.5 That entering into this Agreement and the obligations of Barnes & Noble herein does not constitute a material breach of the terms, conditions, or provisions of or constitute a default under any other contract, undertaking, indenture, or other agreement by which Barnes & Noble is bound.

19. Effect of Headings and Table of Content

The headings and titles of the provisions hereof shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof.

20. Governing Law

This Agreement shall be construed and governed in accordance with the laws of the State of California.

21. Force Majeure

Neither Barnes & Noble or Sonoma State Enterprises shall be liable for damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

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

BARNES AND NOBLE COLLEGE BOOKSELLERS, LLC.	SONOMA STATE ENTERPRISES, INC.
By: ______________	By: ______________
Kimberly Otte	Neil Markley
Vice-President , Stores	VP and Chief Operating Officer

Rider A

Sonoma State Enterprises, Inc.
1801 E. Cotati Avenue
Rohnert Park, CA 94928

REQUEST FOR PROPOSALS

Request for Proposals (RFP) Description

Project Name:	University Store Operation and Management
RFP Issue Date:	February 20, 2013
Contact Buyer:	Tami Connor
Phone Number:	707-664-3239
FAX Number:	707/ 664-4183
Email:	tami.connor@sonoma.edu

Proposal Submission

Proposal Due Date:	**March 28, 2013, 3:00 pm**
Location/Mail Address:	**Sonoma State University** **Financial Services – Contracts and Procurement** **Salazar Hall, 2nd Floor, Room 2051** **1801 E. Cotati Avenue, Rohnert Park, CA 94928-3609**

RFP Contents

Proposals must be received under sealed cover no later than the Proposal Due Date, time and location indicated above to be considered. For the purposes of this RFP, FAX proposals are not acceptable.

This Request for Proposals does not constitute a contract for services specified. SSE reserves the right to award a contract for services based on the evaluation criteria contained in this RFP, to waive any informalities, or reject any and all proposals, and to contract in the best interests of SSE.

SECTION I INTRODUCTION

1.1 Introduction

Sonoma State Enterprises, Inc. (SSE) invites firms to submit a proposal to provide Management and Operation services for the Sonoma State University Store located on the Sonoma State University campus, 1801 E. Cotati Avenue, Rohnert Park, CA 94928, as described in this Request for Proposal (RFP).

SSE is a public, not-for-profit corporation, authorized by the California State University (CSU) Board of Trustees, as an official auxiliary organization of Sonoma State University (University) and is located approximately 45 miles north of San Francisco and the major San Francisco Bay Area metropolitan areas, in the City of Rohnert Park, Sonoma County. Our mission is to support Sonoma State University by administering various campus functions, including dining, housing, vending and University Store services.

Our vision for a University Store is to focus on providing a retail experience that also provides instructional materials and is geared primarily to Sonoma State University students. University Stores are in a period of uncertainty and change relating to the textbook industry, therefore, the focus should be on merchandise and alternative textbook deliveries.

1.2 Purpose of RFP

SSE is seeking to establish a business partnership with a University Store retail partner with textbook capability. The goal is to improve University Store services and increase net revenues by maximizing the availability of product, and by developing creative strategies that benefit SSE and the partner. It is anticipated that an exclusive, long-term agreement for operation of the University Store will provide competitive merchandise pricing, multiple textbook delivery options and competitive pricing, fiscal returns to SSE, capital investments, and marketing strategies. In return, SSE offers business opportunity to the selected firm.

A contract will be awarded to the firm whose proposal will be most advantageous to the SSE. Financial incentives, product, price, service, business strategies and other evaluation factors will be considered. The selection will be made based on the evaluation criteria outlined in this RFP. Any contract will be awarded to the firm that possesses the ability, resources, and commitment necessary to faithfully fulfill the provisions of the contract. SSE reserves the right to reject any or all proposals, and to contract in the best interests of SSE, in support of Sonoma State University.

SECTION 2 UNIVERSITY STORE BACKGROUND INFORMATION

2.1 Current University Store Operation

The University Store is currently operated by Barnes & Noble College Booksellers whose agreement expires June 30, 2013. SSE is seeking to solicit bids for the operation of the University Store beginning July 1, 2013.

2.2 Facility / Location

The University Store is currently located on the north side of the Stevenson Quad in a free standing building between the Commons, a campus dining facility, and the Gymnasium.

The existing University Store is 10,486 square feet (includes retail space, two (2) offices, and two (2) storage containers located at the back of the store.) A shipping/receiving space with a truck dock is shared with the Commons. There is no room to expand the University Store in the current location.

The University is currently constructing a new Student Center which is anticipated to be completed in Fall 2013 and will house: cash and residential dining venues, meeting spaces, Associated Students, Campus Life, Multicultural Center, Copy Center, the Student Union, and the University Store. The campus University Store will be 10,680 square feet in the new location. The space is currently being built out as a vanilla box and the selected firm will be responsible for designing and finishing the interior of the new University Store. The cost of capital improvements will be negotiated. Construction on the new facility may commence prior to the actual contract start date. Construction activity for the new Student Center University Store will be coordinated with and completed by the current general contractor.

There are additional retail opportunities located on the first floor of the Student Center. These spaces range from 330sqft to 393sqft each. The selected firm would be afforded the opportunity to utilize one of these spaces.

In addition, the University Store works in collaboration with the Art Department to run a small operation called the "Tool Crib" which sells art supplies and materials for low margin. This operation is located in the center of the Art Department Building at the north side of campus. The hours vary by semester depending on the needs of the Art Department, ranging from 4-5 hours per day.

Finally, the University Store provides concession sales at campus events and works in collaboration with campus groups and departments. The University Store will also provide concession sales for the events taking place at the Green Music Center (GMC). The GMC is a unique venue on campus and sales will be permitted in the following manners: University Store will sell merchandise, University Store will provide consignment sales on behalf of the artist or group, and/or the artist or group may conduct sales directly. These types of sales will only be permitted at the GMC.

2.3 Sales

Total sales for the University Store for Fiscal Year 2011/2012 (beginning July 1, 2011 and ending June 30, 2012) were $2,297,787.99. The sales figures by merchandise category for the past four fiscal years are as follows:

Department	FY 08/09	FY 09/10	FY 10/11	FY 11/12
Rental Textbooks	-	-	-	128,067.60
Digital Textbooks	76.16	305.64	10,145.14	7,050.60
New Textbooks	1,895,630.13	1,453,756.60	1,200,011.21	846,899.85
Used Textbooks	844,956.63	558,823.24	414,253.95	307,360.08
General Books	26,478.37	23,231.82	12,986.45	14,051.46
Supplies	158,021.12	127,912.16	125,813.31	116,190.58
Software	7,113.74	11,916.26	10,421.64	8,394.85
Computer Peripherals	16,115.70	22,570.42	29,844.98	29,121.38
Clothing	500,146.26	412,839.28	459,864.14	456,712.79
Graduation Products	-	69,974.42	70,846.39	180,814.44
Convenience	101,449.30	92,520.25	91,098.60	84,582.37
Dorm Furnishings	16,407.60	14,513.42	9,121.76	4,927.66
Greeting Cards	7,040.37	5,573.75	4,226.78	3,618.31
Backpacks	8,044.78	5,275.12	4,876.60	3,429.09
School Spirit, Gifts, Accessories	62,637.70	61,149.21	65,436.36	77,607.48
Prints, Frames, Museum	28,906.36	25,283.19	23,144.92	28,959.45
Miscellaneous	107,707.85	-	-	-
TOTAL SALES	**3,780,732.07**	**2,885,644.78**	**2,532,092.23**	**2,297,787.99**

2.4 Hours of Operation

The University Store's current hours of operation are as follows:

- Monday - Thursday: 7:30 a.m. – 6:30 p.m.
- Friday: 7:30 a.m. – 4:30 p.m.
- Saturday: 11:00 a.m. – 4:00 p.m.
- Hours are extended during the beginning of each semester and for special events as necessary.
- The University Store is requested to follow the same holiday schedule as the remainder of the campus.

2.5 Department Charges and Discounts

University Departments receive a 20% discount on all authorized departmental business related purchases, excluding textbooks and computer software.

2.6 Faculty and Staff Discounts

Faculty and Staff currently receive a 10% discount on all personal purchases of merchandise available at the University Store except adopted textbooks, special orders, sale books, class and alumni rings, computer software, periodicals, discounted merchandise, computer hardware, stamps, health and beauty aids, food snacks and beverages.

2.7 Tender Types

The University Store accepts cash, personal checks accompanied by the appropriate identification, MasterCard, Visa, Discover, American Express, and the Seawolf Card or Wolfbucks. The University Store also accepts Financial Aid.

SECTION 3 UNIVERSITY BACKGROUND INFORMATION

3.1 Historical Perspective

The University is a part of the California State University 23-campus public University system. The campus is located in Rohnert Park, California and occupies 269 acres in the beautiful wine country of Sonoma County, in Northern California. Located at the foot of the Sonoma hills, the campus is just an hour drive north of San Francisco and 40 minutes away from the Pacific Ocean. The University was founded in 1960 and became a part of the California State College system in 1961. The school attained University status in 1978.

The University offers 41 bachelor's degree programs and 14 master's degree programs. In addition, the University offers 9 teaching credential programs as well as a joint doctoral program in Educational Leadership. Several schools offer a variety of certificate programs as well.

3.2 Demographics

The full-time equivalent (FTE) enrollment figure for Fall 2011 was 7,381 and the head count was 8,668. The First-Time Freshmen (FTF) target for Fall 2012 is 1,800. Fall enrollment figures for the past three years are as follows:

	Fall 2009	Fall 2010	Fall 2011	Fall 2012
Total FTE Enrollment	7007	6989	7381	7450
Total Head Count	8547	8395	8668	9021
Total First-Time Freshmen (FTF)	1488	1574	1810	1726
Total Females Enrolled	5388	5255	5338	NA*
Total Males Enrolled	3159	3140	3330	NA*
Housing Capacity	3050	2982	3032	3054
Number of Residents	2600	2681	3023	3016
Number of FTF in Residents	1359	1432	1632	1568
Faculty	541	567	539	NA*

*Information not yet available, however, it is not expected to change substantially from previous years.

3.3 Academic Calendar

The academic year consists of a semester system; two 17-week semesters. Fall semester begins in late August and ends in mid-December. Spring semester begins in mid-January and finishes in mid-May. Please refer to the Academic Calendar for additional information: http://www.sonoma.edu/academics/calendar.html.

The University also offers a summer session and an intersession term during the month of January through Extended Education. Please refer to the Extended Education website for additional information: http://www.sonoma.edu/exed/.

SECTION 4 SCOPE OF OPERATION AND MANAGEMENT SERVICE

4.1 Operations

a. The firm shall have the exclusive right to operate and manage a University Store on campus. However, SSE may authorize the sale of certain items by approved vendors or by University organizations in accordance with University's sales and solicitation policy.

b. Naming of the University Store shall remain the sole discretion of SSE. Further, all exterior signage shall be approved by SSE.

c. The firm shall operate the University Store that shall serve our students first and foremost and in a manner that reflects the image and reputation of the University and supports its academic mission. The firm shall become involved in the academic, cultural, and social environment of the University, taking advantage of opportunities to offer special merchandising, marketing, and/or assistance based upon the University's ongoing and unique activities.

d. The firm shall operate the University Store on its own credit and shall furnish at its own expense, all merchandise, equipment, labor, supplies, and services required to perform its duties and responsibilities as required by SSE.

e. The firm shall provide technology (e.g., University Store computer system, point-of-sale system, computerized textbook management system, etc.) to deliver the desired level of service to the SSU community. SSE will not buy out the undepreciated portion of the firm's technology investment at the termination of the contract.

f. The firm shall provide and maintain at least a Web site for the University Store and other social media presences. The Web site shall include, but not be limited to, the ability for customers to order and reserve textbooks, general books, and general merchandise, the ability for faculty to submit online adoptions, and the ability for students to review the course book list. All aspects of the SSU University Store Web site, including products sold (whether by the firm or by a third party vendor), links to and/or from the SSU University Store Web site, and advertising accepted are subject to SSE prior written approval. Commission rates received on purchases made through the Web site, affiliated sites, apps, or any other digital storefront, will be at least equal to commission rates received on in-store purchases.

g. The firm shall cooperate to whatever reasonable extent possible in order to assist and be supportive to University student organizations and student activities with respect to University Store services and merchandise.

h. The firm shall withdraw from display or sale, any item(s) or ad(s) which SSE requests not be displayed or sold or disseminated.

i. The firm shall be responsible, at its sole cost and expense, to employ all personnel necessary for the operation of a first-class University Store. The firm shall do everything in its power to ensure that the management team and the staff of the University Store are stable and that their conduct and interaction with the University community, customers, and vendors are consistent with the mission and values of the University. All firm employees will adhere to the behavioral standards and policies of the University while working on the University premises.

j. The firm shall employ personnel in management positions who are qualified and experienced in retail management. SSE reserves the right to review the qualifications and credentials and to interview personnel proposed by the firm for management positions to ensure that all requirements are being met. The University Store manager assigned to the University Store by the firm must be approved in advance by SSE. Subsequent changes in assignments will be made by the firm only after prior consultation with, and approval by SSE.

k. The firm shall provide ample employment opportunities for students. Starting student wages shall not exceed rates of SSE student employees. Current starting rate is $8.25/hour.

l. The firm shall not, during the term of the Contract, own in total or have any interest in a retail store in the cities of Rohnert Park, Cotati or within five (5) miles of the campus for the purpose of selling textbooks, trade books, logo merchandise or educational materials to University students.

m. Designated SSE officials shall meet regularly with the firm to discuss University Store Operations. The firm, specifically including the University Store management, shall work cooperatively with University officials in the development and improvement of the University Store's programs, services and policies and shall make every reasonable effort to comply with their requests. In addition, SSE officials, with the cooperation of the firm, may conduct an evaluation of the University Store operation at least annually and use these results to make improvements in the University Store operation.

n. It is understood that SSE reserves the right to establish a University Store Advisory Committee for the purpose of reviewing University Store operations. If established, University Store management shall meet regularly with the Committee and SSE officials. Further, University Store management, shall work cooperatively with the Committee and SSE officials in the development and improvement of the University Store's programs, services and policies and shall make reasonable efforts to comply with their requests. In addition, the University Store Advisory Committee may conduct an evaluation of the University Store operation at least annually and use these results to suggest improvements in the University Store operation.

p. The firm shall commit to a transition process which includes, but is not limited to orientation and informational sessions with University faculty and staff.

q. The University Store will move to a new location, currently being built and planned to open in Fall 2013. The space is currently a vanilla box and the selected firm will be responsible for designing, providing plans and, working with the campus and the contractor, finishing the interior of the new space.

4.2 Merchandise

a. Course Material and Related Academic Supplies: The firm shall be the exclusive agent for the collection and compilation of the University textbook list and is responsible to provide this list to Academic Affairs as deemed appropriate by University Officials. The list will be utilized as appropriate by the campus. The firm shall provide the University community with a full range of course materials, in sufficient supply according to the course schedule established by the University, including new textbooks, used textbooks, digital textbooks, textbook rentals and custom published materials (including the securing of copyright clearances), course-packs, software, and materials published or distributed electronically.

b. Emblematic/Logo Merchandise: The firm will be expected to assist with "branding" the University by aggressively promoting "Seawolf" merchandise. The firm will adhere to the ***University's*** style guide, outlining acceptable standards for use of the logo, seal, etc.

c. General Merchandise: The firm shall provide the campus community with the merchandise and other services expected from a quality University Store, including trade books, electronics and computer add-ons, general software, gifts, greeting cards, convenience items, health and beauty aids, and special order services. Food items sold at the University Store shall be mutually agreed upon by SSE and the firm. Food items sold at the University Store shall be sold at prices equal to prices in dining outlets or vending machines on campus. The firm agrees to abide by any exclusivity contracts. Currently, SSE has a contractual agreement with The Pepsi Bottling Group for exclusive beverage dispensing and vending rights on the campus. The firm shall agree to abide by this exclusivity agreement and any future beverage agreements - See Attachment A.

4.3 Current Pricing

a. This is the current textbook pricing:

- "List-Priced" new textbooks are sold at no higher than the publisher's list-price.
- "Net-Priced" new textbooks are sold at no higher than a twenty-five percent (25%) gross profit margin.
- "Pre-Priced" new textbooks are sold at no higher than the pre-price.
- Used textbooks are sold at no higher than seventy-five percent (75%) of the current new textbook price.
- Digital textbooks are sold at twenty-two percent (22%) to seventy-eight percent (78%) off the current new textbook price, depending on publisher pricing.
- Rental textbooks are sold at no higher than forty-nine percent (49%) of the current new textbook price.
- Course packs and custom published materials are sold at no higher than a twenty-five percent (25%) gross profit margin.
- There will be no add-ons or surcharges to cover freight, handling, publisher re-stocking fees, etc. (i.e., The above formulas will be applied to the actual price listed

on the publisher's invoice in order to determine the selling price of a particular textbook.)

b. Trade books, reference books, and other non-textbooks are sold at the publisher's list price, or if there is no list price, at prices competitive in the local area and competitive in the University Store industry. It is customary for new Fiction and Non-Fiction to be discounted by a certain percentage.

c. All other merchandise (clothing, giftware, supplies, etc.) are sold at prices competitive in the local area and competitive in the University Store industry.

d. SSE has the right to audit the firm's records, vendor invoices, publisher invoices, etc., to verify adherence to the established pricing policies.

4.4 Used Textbook Program

a. The University Store currently buys back books from students at a value of at least 50% of the original selling price for textbooks that have been re-adopted for an ensuing semester.

b. The firm, working with the faculty and their staff, shall make every effort to obtain early textbook adoption commitments in order to maximize the quantity of textbooks purchased from University students for resale at the University Store. The firm shall provide timely reports to faculty members concerning the status of their orders.

The University Store's percentage of new textbooks sold is 66.2% (Based on total revenue sales of new, used, digital and rental textbooks). We would like the firm to meet or reduce this percentage. SSE seeks to maximize the highest available numbers of lower cost course materials.

c. SSE and University have the right to audit the firm's records, used book wholesaler invoices, buy-back transaction data, etc.

d. SSE prohibits the purchase and sale of complimentary/desk copies.

4.5 Textbook Rental Program

The firm shall offer and operate a textbook rental program that is competitive with other Textbook Rental Programs in the industry.

4.6 Tender Types

a. The firm shall accept cash, personal checks, major credit cards, bank debit cards, Financial Aid and, Wolfbucks (prepaid declining balance card). The firm shall be solely responsible for all expenses and collection of debts resulting from cash, personal checks, credit cards, and bank debit card transactions.

b. The firm shall be required to participate in the University campus card program including, but not limited to, accepting Wolfbucks in the University Store and working with the University administration to successfully implement the appropriate technology needed in the University Store to process Wolfbucks transactions. Currently the University utilizes the Blackboard Transaction system for the campus card program. The firm shall incur all costs associated with accepting Wolfbucks in the University Store, including any transaction fees, cost of readers and provide interface to stored value transaction systems. Transaction fees are currently at two percent (2%). SSE reserves the right to increase or decrease this fee.

c. University departments shall be allowed to charge department purchases at the University Store.

4.7 Hours of Operation

Hours of operation will be approved by SSE and will be on a schedule that is convenient to students, faculty and the University community. Business hours will be extended during the beginning of each semester, selected weekends, and to support special programs and events as necessary. Reductions to the defined hours of operation must be approved by SSE. During all business hours, including peak business hours and extended hours of operation, the firm will staff the University Store adequately to ensure the University's required level of service will be provided.

4.8 Financial Reporting

On a monthly basis, the firm will submit a sales report to SSE, including sales by category and total sales for the University Store. On an annual basis, the firm will submit a detailed store financial statement to SSE. At a minimum, the store financial statement will include:

- Sales by Category/Department
- Total Sales
- Cost of Goods Sold
- Gross Margin
- Personnel Expenses
- Direct Operating Expenses
- Indirect Expenses (e.g., Management Fee, Firm Overhead Charges)
- Rent/Commission paid to SSE
- Profit/Loss
- Dollar Amount of "Retail Textbook Buyback"
- Dollar Amount of "Wholesale Textbook Buyback"

4.9 Facility Investment and Depreciation

a. All capital investments in the University Store facility must meet SSE standards; must be approved in advance by SSE; must comply with all procurement and permitting regulations and all laws; and must be coordinated by the firm. The capital investment by the firm for the University Store will be depreciated on a straight-line basis based on a mutually agreed upon schedule. All University Store design fees and fees associated with the improvements shall be incurred solely by the firm and the firm shall treat all design and planning fees as the firm's operating expenses. Design fees and planning fees shall not be included as part of the capital investment to be depreciated.

b. All capital investments and fixtures in the University Store facility shall become the property of SSE at the termination of the contract. If the contract or extensions thereto, ends for reasons other than failure of performance prior to the capital investment being fully depreciated, then SSE will reimburse the firm for the undepreciated portion of the capital investment at the University Store facility. If the contract is terminated for failure to perform as outlined in Section 8.6, of this RFP, SSE shall not reimburse the firm for the undepreciated portion of the capital investment, and all capital investments and fixtures shall become the property of SSE.

c. If the actual amount spent by the firm on the facility investment is less than the amount offered in the firm's Proposal, then the firm will provide SSE with the difference between the actual amount spent and the amount offered, payable within thirty (30) days following completion of the improvements. The selected firm will be required to provide SSE with a full accounting of its facility investment, including copies of invoices paid to vendors for the facility investment.

4.10 Firm's General Obligations

The firm will provide the following as part of its operation of the University Store:

- Proper maintenance of the interior of the University Store, including daily cleaning of floors, walls, windows, fixtures, furniture, equipment, light fixtures, changing of light bulbs, etc., and other related custodial services to the satisfaction of SSE.
- Preventative and deferred maintenance of the University Store interior and fixtures to insure safety and provide a quality University Store atmosphere.
- An emergency key will be left with the University Police.
- The firm shall collaborate with the University Police personnel and the administration concerning questions of discipline, enforcing regulations, and internal security and theft control in the University Store. The firm's first point of contact with regard to security and safety issues shall be the University Police.
- The firm shall meet the University Store needs of handicapped students, faculty and staff, and meet all ADA requirements.
- The firm shall comply with all accessibility initiatives implemented by the CSU and Sonoma State University, including but not limited to, the Accessible Technology Initiative (ATI) http://www.sonoma.edu/accessibility/.
- The firm shall be required to participate in SSE and the University's recycling and sustainability program, which includes utilizing 100% recyclable /compostable bags. The firm shall remove all trash and recyclable materials and place them in the proper University container. The University shall cover the cost of trash removal from the University's containers. The firm shall be responsible for the cost of the removal of hazardous waste in compliance with University policy.
- Payments will be made to Sonoma State Enterprises, Inc. on a monthly basis by electronic funds transfer (EFT). SSE shall have the option to select either (i) monthly payments according to the commission schedule, or, (ii) monthly payments based on one-twelfth (1/12th) of the minimum annual financial guarantee. Regardless of the payment method selected by SSE, payment of any amount due in excess of payments already received shall be made annually, within thirty (30) days following the end of the contract year.
- The firm shall maintain complete and accurate records of all transactions in accordance with generally accepted accounting standards and principles. The firm shall make all records available for inspection by authorized SSE representatives.
- The firm shall be committed to local sourcing, where possible.

4.11 SSE's General Obligations

SSE will provide the firm with:

- University Store and stock room facilities consisting of 10,486 square feet in the existing location in the free standing University Store Building and storage containers and 10,680 square feet in the new facility located on the second floor of the Student Center. Upon completion of the Student Center University Store, the other store location will no longer be utilized.

- Utilities in the existing, and future, University Store locations including electricity and fuel for heating and cooling.
- Access to campus telephone and data network service at the standard University rate.
- Security service for the University Store provided by the University Police in the same manner provided for other University buildings. Additional security services may be provided upon request, with the firm agreeing to reimburse the University for such services.

SECTION 5 INVENTORY PURCHASE & EQUIPMENT USE

5.1 The selected firm will be required to follow the parameters specified in the existing agreement relating to inventory purchase. The selected vendor shall purchase from the current vendor all merchandise in the store, including new textbooks, used textbooks, trade, reference and technical books, general merchandise, and credits with publishers or vendors, if applicable. The selected vendor will cause all merchandise to be inventoried by an independent firm. The current vendor may observe the inventory if desired. The selected vendor will make every effort to collect all vendor credits in a timely fashion and pay the current vendor within ninety (90) days of the beginning of the contract term provided that the selected vendor has received authorization from the University Store vendor to transfer those credits to the selected vendor. The selected vendor will pay the current vendor for all inventories within in thirty (30) days of the beginning of the contract term for the merchandise as follows:

a) New Textbooks

1. All new textbooks (in quantities not exceeding normal course requirements) formally adopted for the following term and on hand at the time of inventory will be purchased by the selected vendor at the actual cost paid by the current vendor.
2. All excess textbooks not accepted for return will be purchased by the selected vendor at the current wholesale price.
3. In determining overstock for adopted textbooks, new texts will take preference over used. For example, if the adoption for the following item calls for 40 texts and the University Store has 30 used texts on hand and 15 new texts on hand, then five of the used texts would be considered overstock.

b) Used Textbooks

1. At the time of inventory, all used textbooks on hand that are formally adopted for the following term (in quantities not exceeding normal course requirements) will be purchased at the current vendor's cost.
2. All excess adopted used textbooks will be purchased by the selected vendor at the current wholesale price.

c) Trade, Reference and Technical Books ("Trade Books")

1. The selected vendor will purchase Trade Books that are in clean and saleable condition at invoice cost.

d) General Merchandise

1. The selected vendor will purchase general merchandise in saleable condition at the current vendor's cost.
2. Items not in clean and saleable condition will be set aside and purchased by selected vendor at a mutually agreeable price.

SECTION 6 GENERAL INFORMATION AND ADMINISTRATIVE REQUIREMENTS

6.1 Clarifications Regarding this RFP

You may direct any administrative and technical questions or requests for clarification regarding this RFP in writing to:

Tami Connor, Buyer II
Financial Services
Contracts and Procurement – Salazar Bldg. Rm. 2051
1801 E. Cotati Ave., Rohnert Park, CA 94928
Fax No. (707) 664-4183; Phone No.: (707) 664-3239
Email: tami.connor@sonoma.edu

All responses to questions or any RFP addenda issued shall be distributed in writing to all participating firms by the Contracts and Procurement office.

6.2 Completion of Proposals

Proposals shall be completed in all respects as required by this RFP. A proposal may be rejected if conditional or incomplete, or if it contains any alterations or other irregularities of any kind, and will be rejected if any such defect or irregularity could have materially affected the quality of the proposal. Proposals which contain false or misleading statements, or which provide references which do not support an attribute or condition claimed by the respondent may be rejected. If, in the opinion of SSE such information was intended to mislead SSE in its evaluation of the proposal, and the attribute, condition, or capability is a requirement of this RFP, the proposal will be rejected. Statements made in the proposal shall also be without ambiguity, and with adequate elaboration, where necessary, for clear understanding. Proposal shall be valid for a period of 60 days for acceptance by SSE.

6.3 Withdrawal of Proposal

A proposal may be withdrawn after its submission by written or facsimile request signed by an authorized representative of the firm, prior to the time and date specified for proposal submission. Proposals may be withdrawn and resubmitted in the same manner if done so before the proposal submission date and time.

6.4 Alternative Proposals

Only one proposal is to be submitted by each firm. Multiple proposals will result in rejection of all proposals submitted by the same firm.

6.5 Errors and Omissions

If prior to the date fixed for submission of proposals, a respondent discovers any ambiguity, conflict, discrepancy, omission or other error in the RFP or any of its exhibits, it shall immediately notify the RFP contact (see section 6.1) of such error in writing and request modification or clarification of the document. Modifications will be made by written addenda and distributed by the contracts and procurement office to all parties who have been furnished or who have requested the RFP. Clarifications will be made in writing to all parties, without divulging the source of the request for same.

If a firm fails to notify SSE prior to the date fixed for submission of proposals of an error in the RFP known to it, or an error that reasonably should have been known to the firm, respondent shall bid at its own risk, and if firm is awarded the contract, it shall not be entitled to additional compensation or time by reason of the error or its later correction.

6.6 <u>RFP Addenda</u>

SSE may modify this RFP, prior to the date fixed for submission of proposals by issuance of a written addendum to all parties who have been furnished the RFP or who have requested the RFP. Addenda will be numbered consecutively.

6.7 <u>Proposal Cost</u>

Costs for developing proposals are entirely the responsibility of the respondent and shall not be chargeable to SSE.

6.8 <u>Rejection of Proposal</u>

SSE may reject any or all proposals and may waive any immaterial deviation in a proposal. SSE waiver of an immaterial defect shall in no way modify the RFP documents or excuse the respondent from full compliance with the specifications if it is awarded the contract.

SSE may make investigations as deemed necessary to determine the ability of the respondent to perform the work, and the respondent shall furnish to SSE all such information and data for this purpose, as requested by SSE. SSE reserves the right to reject any proposal if the evidence submitted by, or investigation of such respondent fails to satisfy SSE that such firm is properly qualified to carry out the obligations of the contract and to complete the work specified.

6.9 <u>Cancellation</u>

This RFP does not obligate SSE to enter into an agreement. SSE retains the right to cancel this RFP at any time, should the project be canceled, SSE loses the required funding, or it is deemed in the best interest of SSE. No obligation either expressed or implied, exists on the part of SSE to make an award or to pay any cost incurred in the preparation or submission of a proposal.

6.10 <u>Proposal Disposition</u>

Proposals become the property of SSE. SSE reserves the right to make use of any information or idea contained in the proposals. Proposals may be returned only at the SSE option and at the respondents' expense. One proposal copy shall be retained for SSE records.

6.11 <u>Non-Endorsement</u>

If a proposal is accepted, the Firm shall not issue any news releases or other statements pertaining to the award or servicing of the Agreement which state or imply SSE endorsement of Firm's services.

6.12 Public Records Act and Confidential Material

The RFP process is confidential, upon award all Proposals are subject to the Public Records Act. Proposers may identify any proprietary or confidential materials contained in the proposal and provide justification for not making such material public. SSE shall have sole discretion to disclose without notifying proposers if requested.

6.13 Disputes/Protests

SSE encourages potential respondents to resolve issues regarding the RFP requirements or the procurement process through written correspondence and discussions. SSE wishes to foster cooperative relationships and to reach a fair agreement in a timely manner.

Respondent filing a protest must do so within 48 hours after Notice of Intent to Award. The protesting firm shall submit a full and complete written statement detailing the facts in support of the protest. Protest must be sent by certified or registered mail, faxed, or delivered in person to the Associate Vice President for Administration and Finance, Sonoma State University, 1801 E. Cotati Avenue. The decision will be made in writing and sent by certified or registered mail, faxed, or delivered in person to the protesting respondent. The decision of SSE is final.

SECTION 7 PROPOSAL REQUIREMENTS AND SCORING

7.1 Preparation and Submission of Proposals

All proposals must be received no later than Thursday, March 28, 2013 3:00 pm
Proposals received after this time and date will not be considered. Your proposal must be submitted to the following address:

Tami Conner, Buyer II
Sonoma State University
Financial Services, Contracts and Procurement
Salazar Building, Room 2051
1801 E. Cotati Ave., Rohnert Park, CA 94928

Please submit your proposal in the following format:

- All proposals must be printed legibly or typed and paginated.
- All signatures must be in ink.
- One (1) original proposal and seven (7) proposal copies are to be submitted in a sealed envelope, clearly marked "PROPOSAL FOR UNIVERSITY STORE RFP 7020114."

The proposer is cautioned that delays caused by public or private mail systems, the University's mail system, or any other delivery agents will not excuse the candidate from the obligation to submit the proposal as required in this paragraph. Fax proposals are not acceptable.

7.2 Proposal Response Format

Provide the following information in your proposal. Each section will be scored against an ideal response which, in the opinion of the selection committee, would receive the maximum number of points possible as indicated herein. Responses should be organized with numbered tabs corresponding to the following questions. Provide concise and complete responses; non-requested information and lengthy responses are discouraged.

Required Information | **Points**

Required Information	Points
Cover Letter 1. Cover letter confirming that your firm's submittal is in response to this RFP and agrees to enter into a contract if selected.	0 points
A. Firm's Marketing, Service, Qualifications and Experience 1. Organization Information: Identify firm's full legal name, address, phone, fax and website. Please include a proposed organization chart of the company, staffing plan, and reporting structure for the University Store. Describe your company's: • Personnel policies, including your current salary schedule • Hiring policies: Include your company's required qualifications for the manager(s) and textbook manager(s) at the Sonoma State University Store. • Benefit Program • Educational and training programs • Commitment to hire student employees Corporate support services and regional management 2. Provide your company's qualifications and experience in managing College/University stores. 3. Describe the culture of your organization and how it fits into Sonoma State University. 4. Provide a client list, of California clients that includes type (private or public) and size (number of FTE) of the college or university, size of the University Store, length of service, sales volume and growth statistics, and the name and telephone number of the college or university administrator responsible for the University Store. Identify on this list clients, similar in nature to Sonoma State University who have recently constructed a new University Store or completed a major expansion and renovation project 5. Provide a list of all college and university accounts that were canceled or not renewed during the past two (2) years, including the reason for termination. Include length of service, sales volume, and the name and telephone number of the college or university administrator responsible for the University Store. 6. Provide you company's certified/audited financial statements for the past two (2) years. 7. Describe your plans for the technology you will employ and explain how implementation of these plans will benefit the University community. Include your estimated capital investment for technology/automation in the University Store (excluding web site development costs) and a timetable for your automation plans. SSE will not buy out the undepreciated portion of the firm's technology investment at the termination of the contract. 8. Describe your company's plans regarding a University Store website, apps or other electronic media and provide a brief demonstration. Demonstrations shall be part of the Confidential Interviews. 9. Describe your company's plans for developing an active strategic plan to protect the University Store's textbook market share. Include your plans to develop strong relationships with faculty and your plans to market/promote textbooks to students.	20 points

10. Describe your marketing plan for the University Store that includes a marketing calendar, methods for obtaining regular customer feedback to ensure customer satisfaction and plans for new or expanded product lines or services to be offered in the University Store, including an emphasis on products and services that will assist with branding the University. 11. Describe how you will assist and support the Sonoma State University student organizations and student activities. 12. Describe the transition process including a timeline and list of activities. 13. Please provide your plan for moving to the new store location in the Student Center. 14. Provide your proposed hours of operation for the University Store. *Final hours will be mutually agreed upon by the vendor and SSE. Student Center hours are currently planned for 7:00 a.m. – 12:00 a.m., Monday-Friday and 9:00 a.m. – 12:00 a.m. Saturday and Sunday; however, these are subject to final ratification.* 15. Describe your company's ability to accept the campus card, currently utilizing the Blackboard Transaction System (Seawolf Card prepaid declining balance card) at the University Store. *Note: At a minimum, the firm must adhere to the requirements outlined in Section 4.6 of the RFP.*	
B. Firm's Vision, Plan for New Store, Customer Relations, and Customer Interaction 1. Provide your vision of a campus store in detail including how you will incorporate future trends in a retail experience. 2. Provide your vision for the Sonoma State University Store including how you will incorporate the existing Tool Crib in section 2.2. 3. Based on your described vision for the store, please provide a floor plan and three (3) renderings of the new Student Center University Store space utilizing the same vision, but showing different spaces in the store. Refer to Attachment B for new facility floor plans. The final renderings will be mutually agreed upon by the vendor and SSE, and it will be reviewed and approved by the Capital Planning, Design and Construction department and Contractor. Please refer to Section 1.1 for SSE vision of new store concept. 4. Describe your collaboration with SSE, the University and the Contractor in planning and designing the proposed new University Store and your financial commitment. 5. Please describe your plans for the new University Store and what will be provided to SSE and the University for review during the design and construction process (renderings, new University Store layout plans, finishes, etc.). 6. Describe your process for collection and compilation of the course textbook list for the University Store including methods of communication with academic colleges and departments, and how you handle late adoptions. 7. Describe alternative textbook delivery methods (digital, eReaders, rental programs, etc.) and how you foresee these being utilized at Sonoma State University. 8. Describe your approach to handling publisher issues regarding course packs so that students are not required to purchase unwanted items.	20 points

9. Describe your general book/trade book program with an emphasis on supporting the academic needs of the Sonoma State University community. 10. Describe your strategy for non-textbook merchandise and how you plan to maximize revenues in this area.	
C. Pricing and Operational Proposal 1. Describe your pricing policies for textbooks (including pricing for alternative delivery methods) and general (all other) merchandise. Please provide your textbook margins (including alternative delivery methods) and methodology of how these are determined. Please explain your company's plans to address the pricing concerns of University students. 2. Describe your refund/return policy for new textbooks, used textbooks, rental textbooks, digital textbooks and general merchandise. Provide a detailed description of your sources for used textbooks, along with a description of your textbook buyback program, including any incentives or programs that would allow for buyback prices that are greater than wholesale prices. Include your estimated used textbook ratio (used textbook sales expressed as a percentage of total textbook sales) for the first three (3) years of operation of the University Store. As a percentage of total course materials sold, please provide the ratio you would achieve in year two (2). 3. Describe your department charge program, items carried and the steps you will take to market this program to departments on campus. 4. Describe your faculty/staff discount programs and/or sales, if any, and the steps you will take to market this program to the faculty and staff.	20 points
D. Financial Proposal and Considerations 1. The financial proposal should be provided in two (2) formats: A. Include straight commission with no capital investment (building out of new space) but including facility investment for the new facility (fixtures, furnishings and equipment). B. Include commission with capital investment (building out of new space) and facility investment (fixtures, furnishing and equipment) for the new facility. 2. Provide financial projections for the first five (5) years of operation for the University Store. Projections must include the following: • Sales by Category/Department • Total Sales • Cost of Goods Sold • Gross Margin • Personnel Expenses, including current salary schedule. • Direct Operating Expenses • Indirect Expenses (e.g., management fee, company overhead charges) • Commission to SSE • Profit/Loss 3. Provide a sample of the monthly financial sales report that will be provided to SSE.	40 points

E. Additional Information Provide any other information you feel is pertinent. Please explain any programs you offer that might be beneficial to SSE. Please note any items that you are unable to meet. If unable to meet any specified items, please provide your alternative for consideration.	0 points
TOTAL POINTS	100 points

7.3 Confidential Negotiations

SSE reserves the right to contact the client references, and ask questions in writing to clarify portions of the proposal, request oral presentation and to conduct one or more rounds of confidential discussions with qualified respondents. The purpose of the meeting will be to meet and explore mutual strategic directions, and/or alternative solutions for serving SSE's needs. Proposals which are not selected will be held in abeyance. Confidentiality during the entire process is paramount and cannot be overemphasized. Any breach of this requirement by either participating firm or selection team will be considered grounds for elimination from further participation in the procurement process. As is required by union representation, the University may provide to CSUEU all existing relevant written information, which may include, the Request for Proposal, copies of all bids received, any cost analysis used by the University to evaluate the need for contracting out, and copies of all consultants' reports, if any, used by the University in making its decision regarding contracting out.

7.4 Phase 2: Final Proposal

Firms that have meet the criteria of this RFP may be requested to submit a final narrative response and final fiscal considerations proposal, on a date to be specified, within two weeks of interviews, reflecting any directions and/or modifications resulting from the confidential discussions. All costs for services shall be included in the final proposal.

The basis for evaluation of the final narrative and fiscal considerations shall include total value (pricing, investment, marketing strategy, and other value-added support and services), and overall consistency with the requirements of this RFP: The firm receiving the highest overall ranking, offering the most comprehensive solution to meeting our needs will be selected and recommended to the Board for award approval.

7.5 Award

Contract award will be made by SSE to the selected firm, based on the evaluation criteria, and approval by the SSE Board. Upon approval, a written notice of Intent to Award will be furnished to the successful firm. The successful firm agrees to be governed by the terms and conditions of this RFP, and will execute and deliver to the SSE the signed contract, and copies of required insurance, within ten days after the contract is presented for signature.

SECTION 8 ADDITIONAL TERMS AND CONDITIONS

8.1 Term of Agreement

The term of the Agreement will be for a period of ten (10) years, beginning July 1, 2013, through June 30, 2023. Prior to contract expiration, parties will meet to evaluate Agreement performance. Upon mutual agreement of the parties in writing, the contract may be renewed for two (2) additional five-year terms.

8.2 Contract Administrator

SSE will identify a contract administrator for any Agreement which results from this Request for Proposal. The individual will be the point of contact at the University for day-to-day operations.

8.3 Insurance Requirements

SSE requires that the firm shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of the work hereunder by the Firm, his agents, representatives, employees, or subcontractors.

Firm shall maintain commercial general liability insurance in an amount not less than $2,000,000 per occurrence for bodily injury, personal injury and property damage. If a general aggregate limit is used, either the general aggregate limit shall apply separately to this project or the general aggregate limit shall be twice the required occurrence limit.

Firm shall maintain automobile liability insurance in an amount not less than $2,000,000 per accident for bodily injury and property damage.

Firm shall maintain Worker's Compensation insurance as required by the State of California and Employer's Liability Insurance in an amount not less than $2,000,000 per accident for bodily injury or disease.

Firm shall not commence performance of any work under this contract until the University is provided with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by the University.

The required insurance must be in effect prior to awarding the contract and it or a successor policy must be in effect for the duration of the project. Maintenance of proper insurance coverage is a material element of the contract. Failure to maintain or renew coverage or to provide evidence of renewal may be treated by the University as a material breach of contract and subject the contract to termination. The University reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

Firm shall disclose deductibles or self-insured retentions (SIRs) for approval by the University. The general liability and automobile liability policies shall be endorsed to provide:

The State of California, the Trustees of The California State University, California State University, Sonoma State University, Sonoma State Enterprises, Inc. and their employees, officers, directors, volunteers and agents (collectively "University") are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the SSE including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage shall be provided in the form of an endorsement to the SSE's insurance at least as broad as ISO Form

CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used).

1. That the SSE, its trustees, employees, officers, and volunteers are covered as additional insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the firm; and with respect to liability arising out of work or operations performed by or on behalf of the firm including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the firm's insurance, or as a separate owner's policy. If the project involves subcontractors, the subcontractors must be endorsed as insureds under the firm's policy.

2. That the insurer will not cancel insured's coverage without 30 days written notice by certified mail, return receipt requested, to SSE.

3. That for any claims related to this project, the firm's insurance coverage shall be primary as respects SSE, its trustees, officers, employees, and volunteers. SSE's insurance or self-insurance shall be excess of the firm's insurance and shall not contribute to it.

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

8.4 Contract Documents

Contract documents will consist of SSE Agreement for Services and General Conditions, Riders and Attachments. In the event of a conflict between documents the following order of precedence shall apply:

1. Sonoma State Enterprises, Inc. Agreement for Services and General Conditions
2. Sonoma State Enterprises, Inc. Request for Proposals
3. Firm's Proposal

8.5 Execution of Agreement

The Agreement shall be signed by the Firm and returned, along with the required submittals within ten (10) calendar days from receipt of Agreement. The period for execution may be changed by mutual agreement of the parties. Agreements are not effective until approved by SSE. Any work performed prior to receipt of a fully executed Agreement shall be at Firm's own risk.

8.6 Termination

The firm shall perform in accordance with the terms and conditions as stated herein and in accordance with the highest standards and commercial practices for operation of a University Store located on a University campus. If the firm shall fail to fulfill or perform any material obligation of the firm as stipulated in the Agreement, and such failure shall continue for thirty (30) days following written notice from SSE to the firm informing the firm of its failure to fulfill or perform said material obligation, then SSE may terminate this Agreement by providing the firm with written notice of termination.

8.7 Subject to Audit

The firm may be subject to the examination and audit of the SSE or its designee for a period of three years after final payment under the contract. The examination and audit shall be confined to those matters connected with the performance of the contract.

8.8 Small Business Preference

To claim the 5% small business preference, your firm must have its principal place of business located in California, have a complete Small Business Certification Application (STD 813) on file with the Office of Small Business and Disabled Veteran Business Enterprise Certification (OSDC), 707 Third Street, 2nd Floor, West Sacramento, CA 95605 by 5:00 p.m. on the date bids are opened require verification by the OSDC. Questions regarding the preference approval should be directed to that office at (800) 559-5529 or via email: http://www.pd.dgs.ca.gov/smbus/contact.htm

8.9 Disabled Veteran Business Enterprise (DVBE) Incentive

To claim the 3% Disabled Veterans Incentive, your firm must have its principal place of business located in California, have a complete Disabled Veteran Business Application on file with the Office of Small Business and Disabled Veteran Business Enterprise Certification (OSDC), 707 Third Street, 2nd Floor, West Sacramento, CA 95605 by 5:00 p.m. on the date bids are opened require verification by the OSDC. Questions regarding the incentive approval should be directed to that office at (800) 559-5529 or via email: http://www.pd.dgs.ca.gov/smbus/contact.htm

9.0 Public Records Act

Once award is made to successful firm, all documents in regards to this solicitation, including but not limited to, the resulting contract are subject to the Public Records Act.

SECTION 9 PROCUREMENT SCHEDULE

Important dates and milestones relating too this procurement are:

RFP Issue Date	**February 20, 2013**
Pre-Proposal Information Conference	**March 8, 2013, 2 pm Conference Call Information TBD**
Last Day for Questions from Firms	**March 19, 2013, Noon**
Proposal Due Date and Time	**March 28, 2013, 3:00 p.m.**
Confidential Interviews, Negotiations	**April 8 – 12, 2013 – as scheduled**
Final Proposal Due Date and Time	**April 19, 2013, 3:00 p.m.**
SSE Board Approval Recommendation	**May 3, 2013**
Notice of Intent to Award Issued	**May 6, 2013**
Preliminary Mobilization, Transition Begins	**May 7, 2013**
Contract Signed	**May 21, 2013**
Contract Services Begin	**July 1, 2013**

Special Note: All schedule dates after the Proposal Due Date are subject to change without prior notification to the respondents.

SECTION 10 PROPOSAL SIGNATURE PAGE

The undersigned firm hereby submits this proposal in response to UNIVERSITY STORE OPERATION AND MANAGEMENT SERVICES RFP and agrees to all the terms and conditions thereof:

______________________________ ______________________________

Signature Title

____

Print Name of Authorized Individual Signing this Proposal

______________________________ ______________________________

Name of Firm as Licensed Business License Number

____

Street Address City State Zip Code

__________________________ ______________________________

Telephone No./Facsimile No. Federal ID

____

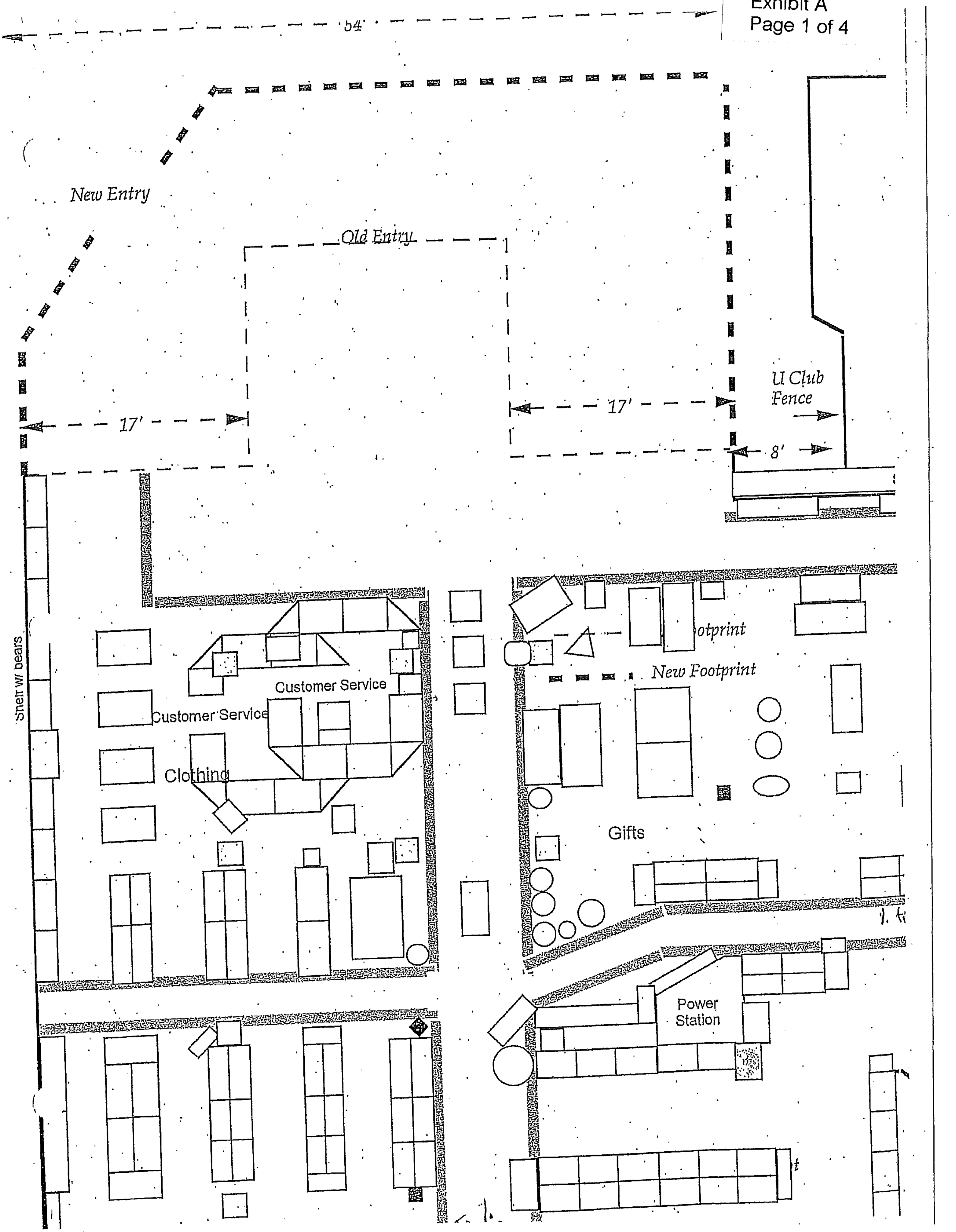
Corporation or Partnership:

ARE YOU CLAIMING PREFERENCE AS A SMALL BUSINESS? YES____ NO_____

If YES, SBE Certification No.:______________________________

ARE YOU CLAIMING DVBE PARTICIPATION? YES ____ NO ____

If YES, DVBE Certification No. ______________________________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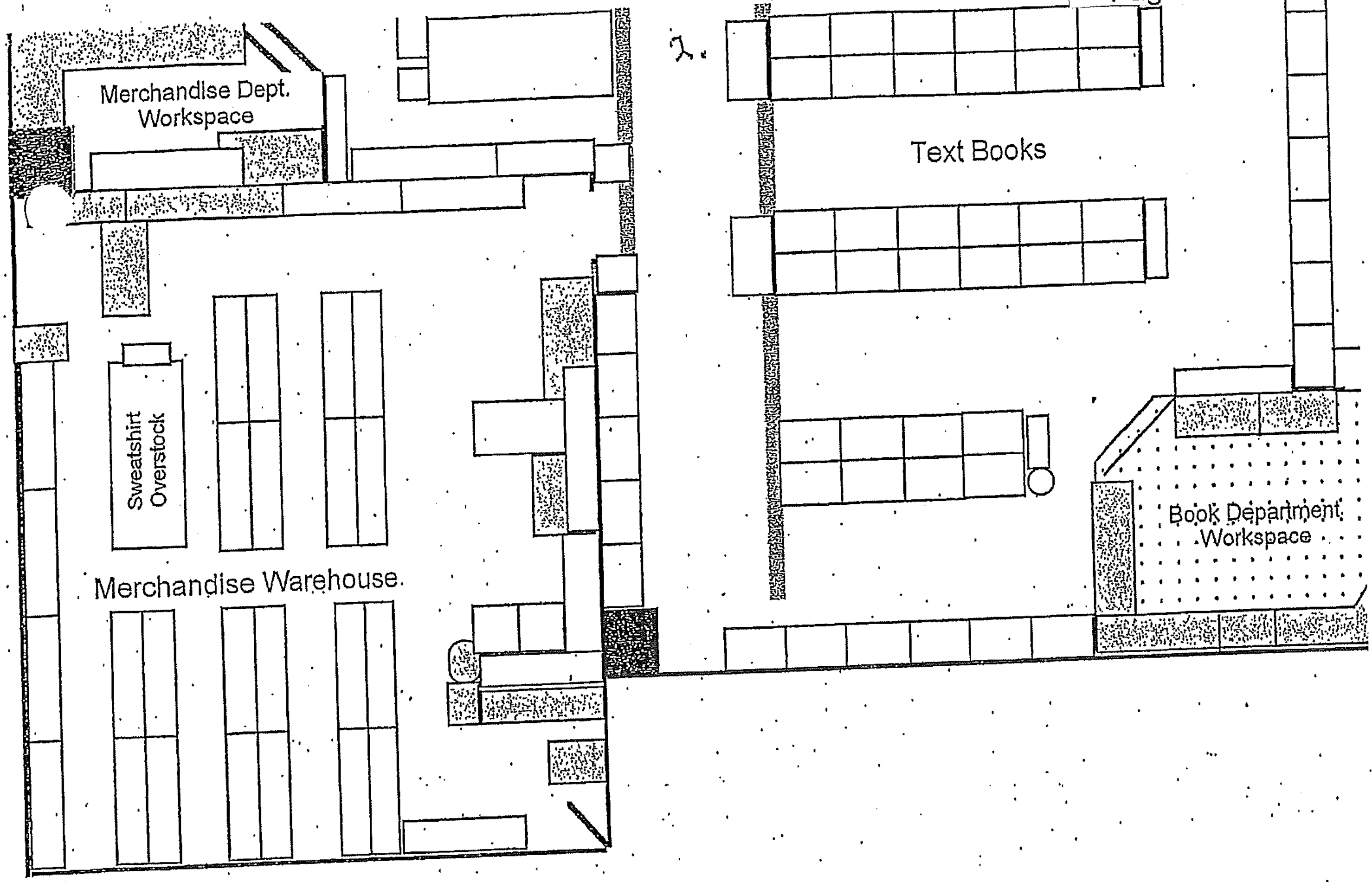
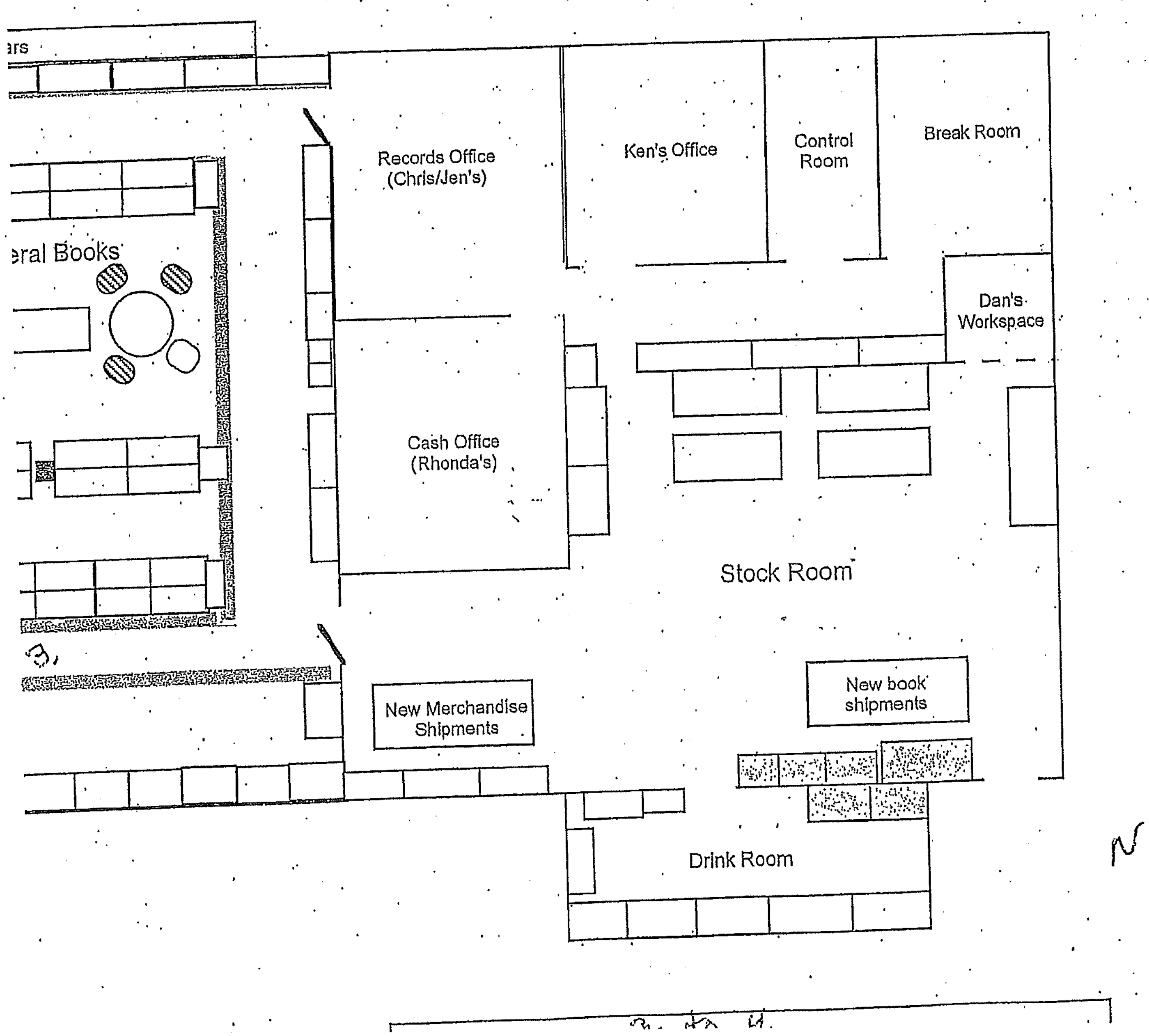

Merchandise Dept. Workspace
Text Books
Sweatshirt Overstock
Book Department Workspace
Merchandise Warehouse



ars
eral Books
Records Office
(Chris/Jen's)
Ken's Office
Control
Room
Break Room
Dan's
Workspace
Cash Office
(Rhonda's)
Stock Room
New Merchandise
Shipments
New book
shipments
Drink Room
N

4.

Merchandise Container

Amendment No. 1
Operating Agreement
Between
Sonoma State Enterprises, Inc.
And
Barnes & Noble College Booksellers, LLC

Effective July 1, 2023 ("Effective Date"), this Amendment No. 1 ("Amendment") to the Operating Agreement dated October 15, 2013 ("Agreement") is hereby entered into by and between Sonoma State Enterprises, Inc. ("SSE") and Barnes & Noble College Booksellers, LLC ("Barnes & Noble") according to the following terms and conditions. All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement.

1. Section 3. Term of the Agreement is hereby amended to exercise the first renewal for a five-year term extension through June 30, 2028.

2. **Section 4. Early Termination** of the Agreement is hereby amended by deleting sections 4.1 and 4.2 in their entirety and adding the following language as new subsection 4.1:

   SSE and Barnes & Noble each shall have the right to terminate this Agreement (a) at any time by giving one hundred and twenty (120) days written notice to the other party or (b) after providing thirty (30) days written notice to the other party in the event the other party materially breaches this Agreement and does not cure the breach within such timeframe (provided, however, if the default cannot be cured within thirty (30) days and the defaulting party is attempting in good faith to cure the default, the time period shall be extended for a reasonable period of time), with such termination being effective ninety (90) days after the written notice.

   SSE acknowledges and agrees any attempt to circumvent Barnes & Noble by entering into any oral or written agreement or arrangement with a third party for such services could materially and detrimentally impact the revenue stream of this Agreement. In such event, the guarantee shall be eliminated and the parties will renegotiate the financial terms of the Agreement.

3. **Section 5.3** of the Agreement is hereby amended by adding the following language at the end of such section:

   In the event of termination of this Agreement for any reason, SSE shall provide (1) a secure space during the last two weeks of the then-current term to allow Barnes & Noble to collect from students all outstanding rented textbooks, including those on consignment owned by the publishers and (2) reasonable support related to such returns, including but not limited to communications to students. Alternatively, if SSE chooses not to provide such space and support, SSE shall assume and be wholly responsible for all of Barnes & Noble's liability to the publishers related to the textbooks on consignment during the applicable term, including but not limited to financial obligations with regard to the returns or non-returns of textbooks.

   Should SSE change its logo or contracted athletic apparel provider/licensee, SSE will use reasonable efforts to give Barnes & Noble six (6) months written notice. After this notice period, SSE will allow Barnes & Noble to automatically deduct from commissions due the cost of unsold emblematic merchandise.

4. **Section 7.4(a)** of the Agreement is hereby amended by deleting the third sentence of such subsection and replacing it with the following:

   Barnes & Noble will provide exclusive on-line services through the Bookstore website including fulfillment of the First Day® Complete Program (as defined below) and any distance learning material needs, during the term of this Agreement.

5. **Section 7.4(a)** of the Agreement is hereby amended by deleting the last sentence of such subsection.

6. **Section 8.1. General Rights and Responsibilities of Sonoma State Enterprises** of the Agreement is hereby amended by deleting subsection (g) in its entirety and replacing it with the following:

   The placement of an electronic link on University's home page via a one click away link, registration system, and within University's learning management system ("LMS") to the Bookstore's website.

7. **Section 8.1. General Rights and Responsibilities of Sonoma State Enterprises** of the Agreement is hereby amended by adding the following language as new subsection 8.1(h):

   A daily export file with the required SIS student export data (including student email addresses) to support a personal experience faculty and students and enable Barnes & Noble to both provide its course material products and services to SSE and University, via the Adoption and Insights Portal ("AIP"), and send Bookstore-related information and personalized content to University's students. Such sent Bookstore-related information and personalized content outside the adoption and purchase of learning materials shall be approved by SSE prior to distribution.

8. **Section 10.1(a). Textbook Pricing Policies** of the Agreement is hereby amended by deleting the second bullet in its entirety and replacing it with the following:

   New textbooks will be sold at no greater than (i) the publisher's list price or (ii) a **25%** gross margin on Net Priced Books. "Net Priced Books" are books purchased (i) from publishers that do not have a publisher's suggested list price or (ii) with a publisher's discount to the Bookstore of less than 20%.

9. **Section 11.1. Guaranteed Payment / Percentage of Sales** of the Agreement is hereby amended by deleting the first paragraph thereof and replacing it with the following:

   On an annualized basis commencing July 1, 2023 after the full implementation of the Complete Program (as defined below), Barnes & Noble shall pay Sonoma State Enterprise the greater of the following: **(A)** Guaranteed Amount **<u>or</u>** **(B)** Calculated Commission:

   A. **<u>Guaranteed Amount</u>:** $300,000

      Commencing with the contract year beginning July 1, 2024, and with the full implementation of the Complete program, Barnes & Noble will provide a Guaranteed Amount in all future years of this Agreement equal to ninety percent (90%) of the Calculated Commission of the prior contract year.

B. <u>Calculated Commission</u>:

10% of all Gross Sales of Course Materials

And

13.5% of all Gross Sales of General Merchandise

10. **Section 11.1. Guaranteed Payment / Percentage of Sales** of the Agreement is hereby further amended by deleting, in the third paragraph thereof, "percentage of gross sales" and replacing it with, "Calculated Commission".

11. **Section 11.1. Guaranteed Payment / Percentage of Sales** of the Agreement is hereby further amended by deleting in its entirety the paragraph beginning "Gross sales is defined as" and replacing it with the following:

    "Gross Sales of Course Materials" is defined as all collected in-store and online/website sales of course materials and Barnes & Noble-owned textbook rentals at the Bookstore, including the amounts earned from processing transactions for publishers related to the consignment of their rental property, and sales of (i) eTextbooks, (ii) pure digital products, and (iii) course materials within the LMS, whether through the First Day® or First Day® Complete programs or any other course material sales outside of such programs, less voids, refunds, sales tax, and handling fees associated with non-return of rental textbooks.

    "Gross Sales of General Merchandise" is defined as all collected in-store and online/website sales of general merchandise, including the amounts earned from Barnes & Noble's marketing programs and relationships with its brand partners, less voids, refunds, sales tax, campus debit card fees, computer hardware sales, contractually discounted sales (such as discounted department and faculty/ staff sales), pass-through income, merchandise sales at less than a 20% initial gross margin and other merchandise mutually designated as non-commissionable.

12. The Agreement is hereby amended by adding new **Section 22, First Day® Complete Program** as follows:

    Section 22. First Day® Complete Program:

    a) In order to expand affordability to students, SSE agrees to implement the First Day® "Complete Program" (inclusive access) for all courses beginning with Fall 2023 semester using a per credit pricing format.

        (i) Barnes & Noble Responsibilities.

        1. Barnes & Noble will manage the Complete Program on behalf of SSE and will be responsible for the procurement of desired textbooks and course materials. Barnes & Noble shall fill faculty course material orders (adoptions) for required course materials each term only in accordance with course material adoptions through AIP (or any new adoption tool Barnes & Noble introduces) by faculty or authorized department designees that adhere to the schedule below:

            a. On or before April 1st for the fall semester
            b. On or before October 1st for the spring semester

c. On or before March 1st for the summer semester

2. For any course material adoptions that are not adopted using AIP or turned in by the above deadlines, Barnes & Noble will use reasonable efforts to provide such course materials by the first day of the course but cannot guarantee delivery. Course materials will be provided in either rental (new or used) or digital format, at Barnes & Noble's discretion, in order to maintain the value of the Complete Program.

3. At a minimum starting four (4) weeks prior to the adoption deadline, Barnes & Noble will deliver daily reporting on courses without course material adoptions to SSE's compliance designee for follow-up with faculty.

4. Two weeks after the end of each semester ("Grace Period"), Barnes & Noble will notify SSE of any Rental Materials not returned by students.

   a. The list will identify the names of students who have not returned their Rental Materials.
   b. SSE will work with Barnes & Noble to encourage those students to resolve their accounts with Barnes & Noble (e.g., SSE will place a hold on the student account(s), message student(s) via all available communication methods, etc.) in order to maintain the value of the Complete Program.
   c. In the event a student does not return Rental Materials, Barnes & Noble reserves the right to require student payment of an appropriate rental replacement fee (75% of the new course material selling price) and/or identify the student ineligible for the Complete Program in future semesters.

(ii) SSE Responsibilities.

1. SSE shall place the necessary electronic links on its learning management system (LMS) no later than (2) two weeks prior to the start of the term.

2. By electronic transmission, SSE shall provide Barnes & Noble the course schedule with enrollment information on a daily basis.

3. Delivered to an SFTP server on a daily basis and in a format provided by Barnes & Noble or through an SIS integration, SSE also shall upload each student's complete course schedule, including associated credit hours, eligibility status for the Complete Program, and any additional data required by Barnes & Noble in order to implement the Complete Program. At a minimum, SSE shall begin dropping the file no later than twelve (12) weeks out from the course start date through the end of the registration period for each course.

4. Barnes & Noble shall be responsible for communicating to students all non-returned rental policies.

(iii) Included and Excluded Materials.

1. The Complete Program will include only <u>required</u> course materials in print rental or digital formats. The Bookstore, at its sole discretion, will determine which course materials (i) may be retained by a student and (ii) which are considered rentals requiring students to return them at the end of the semester (collectively, "Rental Materials").

2. The following items are excluded from the Complete Program: adopted school supplies, kits, uniforms, art supplies, calculators, non-required course materials, or items deemed not a textbook. In addition, the Complete Program does not include shipping costs for delivery to students outside of the Bookstore or designated locations on campus.

3. The following programs, grade year, or schools are excluded from the Complete Program: None.

(iv) Communications. SSE and Bookstore will work together to promote understanding of the Complete Program. All communication and marketing regarding the Complete Program will be provided by Barnes & Noble. Barnes & Noble will work with SSE to help educate, promote, and communicate the Complete Program to the students in multiple formats. SSE shall not issue any external communications regarding the Complete Program, including but not limited to press releases, without the prior written consent of the Corporate Communications department of Barnes & Noble.

(v) Financial Terms.

1. The price per credit per semester for all students shall be $16.97 ,which (a) SSE agrees to pay Barnes & Noble via ACH in accordance with this Section 22 notwithstanding any applicable opt-out or other legal obligations of SSE and (b) the parties hereby acknowledge and agree is an average price across all courses and shall apply regardless of how many or whether course materials are being used in a particular course.

2. No later than ten (10) days after the census date, SSE and Barnes & Noble will review and mutually agree upon the number of credits for students who have not opted out of the Complete Program that will appear in the "Initial Invoice". In the event SSE does not agree within such ten (10) day period upon the number of credits, the Initial Invoice will contain the price per credit of $16.97 for all courses based on ninety percent (90%) of the number of students who have not opted out of the Complete Program. SSE shall pay the Initial Invoice via ACH within seven (7) days of receipt. Notwithstanding any other provision in this Agreement, Barnes & Noble will withhold commission and/or guarantee and/or other payments due SSE under this Agreement in the event SSE does not comply with its payment obligations hereunder.

3. If there is a discrepancy in the number of credits in the Initial Invoice, Barnes & Noble will send a final invoice to SSE ("Final Invoice"). Barnes & Noble Final Invoice will be based on SSE registrar's final enrollment information by credit hour. SSE will remit payment of the Final Invoice to Barnes & Noble via ACH within seven (7) days upon receipt .Notwithstanding any other provision in this Agreement, Barnes & Noble will withhold commission and/or guarantee and/or other payments due SSE under this Agreement in the event SSE does not comply with its payment obligations hereunder.

a. Barnes & Noble shall have the right to audit the registrar's records in the event that Barnes & Noble reasonably believes the enrollment information reported by SSE deviates from actual enrollment.
b. If the results from the audit prove any final enrollment counts are higher than the counts provided by SSE, Barnes & Noble shall invoice SSE for the additional charges.
c. If the results from the audit prove any final enrollment counts are lower than the counts provided by SSE, Barnes & Noble shall provide a credit to SSE.
d. At no time during an audit shall either party fail to perform their agreed upon services or responsibilities, including payment on outstanding invoices, with regard to the Complete Program.

4. As required by state and local sales tax law and unless SSE provides to Barnes & Noble a copy of its exemption certificate, Barnes & Noble shall add sales tax to the price per credit set forth in subsection (v)(1) above. All certificates must be complete and valid. Barnes & Noble will accept SSE's certificate only if it can do so in good faith or as otherwise required by state or local law. The parties acknowledge and agree (i) any charges between SSE and its students may constitute a separate taxable sale for sales tax purposes and (ii) Barnes & Noble neither does or shall provide tax advice on these transactions nor be responsible for any taxes imposed on SSE by any taxing authority.

5. On an annual basis beginning with the completion of the first year of the Complete Program, both parties agree to mutually evaluate and determine the price per credit hour and other financial terms. The evaluation is based on faculty course materials adopted for the fall and spring semesters, taking into consideration changes in the amount of consumables or to overall title count. Any changes to the per credit price will be agreed upon by the parties no later than March of each year with an effective date starting with the fall semester.

13. Except as expressly modified above, all other terms and conditions of the Agreement shall remain the same.

14. This Amendment may be signed and sent electronically by the parties. All signed counterparts will be deemed originals and together shall constitute the entire Amendment.

Agreed as of the Effective Date:

Sonoma State Enterprises, Inc.

By: ______________________

Name: Neil Markley

Title: COO

Date: 4/28/23

Barnes & Noble College Booksellers, LLC

By: Bobby Hamous

Digitally signed by Bobby Hamous
DN: cn=Bobby Hamous, o=Barnes & Noble College Booksellers, LLC, ou, email=bhamous@bncollege.com, c=US
Date: 2023.04.28 11:34:27 -04'00'

Name: Bobby Hamous

Title: Vice President of Stores

Date: 4/28/2023

Barnes & Noble
COLLEGE

Barnes & Noble College Booksellers, LLC
120 Mountain View Blvd.
Basking Ridge, NJ 07920

October 8, 2025

Neil Markley
Associate VP for Finance and Administration
Sonoma State University
1801 East Cotati Avenue
Rohnert Park, CA 94928

With a courtesy copy to:
Jennifer Crist
Purchasing Manager
Contracts and Procurement
Sonoma State University
1801 East Cotati Avenue
Rohnert Park, CA 94928

Re: First Day® Complete Program under the Operating Agreement by and between Sonoma State University ("Institution") and Barnes & Noble College Booksellers, LLC dated October 15, 2013 ("Agreement")

Dear Neil,

As you know, we recently discussed changes to the payment terms of our First Day® Complete program. This letter outlines our understanding of that arrangement.

The price of the First Day Complete Program as stated in the Agreement shall be amended to $18.00 per credit hour effective Fall 2026.

Please confirm your acceptance of the terms of this letter by signing below and returning to me via email at your earliest convenience. Except as expressly modified above, all other terms and conditions of the Agreement shall remain the same.

We highly value our relationship with you and your campus community, and we are committed to providing the highest level of service. Please let me know if you have any questions or would like to discuss the above.

Sincerely,

Bobby Hamous
VP, Stores

ACKNOWLEDGED AND AGREED:
Sonoma State University

Sign: ______________________

Name: Neil Markley   Title: COO