

**Agendum
Oakland University
Board of Trustees Formal Session
December 2, 2015**

**APPROVAL OF LEASE AGREEMENT TO PROVIDE
BOOKSTORE SERVICES**

A Recommendation

1. **Division and Department:** Student Affairs.
2. **Introduction:** In 2006, Oakland University (the University) entered into an agreement with Barnes & Noble to lease the University Bookstore for a five-year period with five year-to-year extension options. With the expiration of the current agreement, the University distributed a Request for Proposals for potential vendors. Barnes & Noble College, LLC and Follett Higher Education Group, Inc. submitted proposals to operate the bookstore.

The University formed a committee to discuss and review the proposals, analyze the operational and financial aspects, and observe and ask questions during individual formal vendor presentations. Committee members included:

Judy Burton, Buyer Purchasing
Peggy Cooke, Assistant Vice President Academic Affairs
Richard Fekel, Director Oakland Center (Chair)
Madison Kubinski, Student Body Vice President
Tom LeMarbe, Assistant Vice President Finance and Administration
Jason VanBuskirk, Oakland Center Assistant Director of Operations

It is recommended that the University enter into a lease agreement to provide bookstore services with Barnes & Noble College, LLC. Primary factors leading to a unanimous committee recommendation include on-site and regional management team strengths, past performance, technology enhancements, exclusivity flexibility, online order processing and distribution enhancements, and a higher financial return to the University (Attachment A). Barnes & Noble College, LLC serves 21 campuses in the state of Michigan with 36 individual bookstore locations within the state.

3. **Previous Board Action:**
The current agreement for bookstore services was approved by the Board of Trustees on June 7, 2006.

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4. Budget Implications:

Barnes and Noble College, LLC has offered a financial proposal that represents the best economic proposal made by the two bidding vendors. Specific terms include:

- Percentage of gross sales:
 - 15.5% of gross sales up to \$4,000,000
 - 16.5% of gross sales from \$4,000,000 to \$6,000,000
 - 17.5% of gross sales over \$6,000,000
- A \$250,000 Capital investment to renovate, fixture, and equip the bookstore amortized over a ten-year period
- Signing bonus contribution of \$550,000 amortized over a ten-year period
- Annual textbook scholarships of \$10,000

5. Educational Implications: None.

6. Personnel Implications: None.

7. University Reviews/Approvals: This agenda was formulated by the Director of the Oakland Center and Assistant Vice President for Finance and Administration, and reviewed by the Vice President for Student Affairs and Vice President for Finance and Administration and President.

8. Recommendation:

RESOLVED, that the Vice President for Student Affairs be authorized to negotiate and execute a bookstore lease agreement with Barnes and Noble College, LLC for a five-year period beginning June 1, 2016 through May 31, 2021, with an option for the University to extend on a year-to-year basis for an additional five years; and, be it further

RESOLVED, that the Board of Trustees authorizes the Vice President for Student Affairs, and his respective designees, to perform all acts and deeds and to execute and deliver all contracts, instruments and documents required by this resolution that are necessary, expedient and proper; and, be it further

RESOLVED, that the agreement be reviewed and approved by the Vice President for Legal Affairs and General Council prior to execution, and be in compliance with the law and with University policies and regulations, and conform to legal standards and policies of the Vice President for Legal Affairs and General Council.

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9. Attachments:

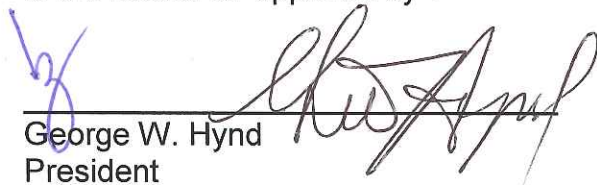
A. Financial Summary

Submitted to the University President
on 24 Nov 20, 2015 by



Glenn McIntosh
Vice President for Student Affairs

Recommended on 11/24, 2015
to the Board for approval by



George W. Hynd
President

**Bookstore 2015 RFP Proposals
Financial Summary**

Attachment A

	<u>Barnes & Noble Option A</u>	<u>Barnes & Noble Option B</u>	<u>Follett</u>
Guaranteed Commission Year 1	\$ 875,000	\$ 825,000	-
Projected Annual Commission (Yrs. 2-10)	\$ 847,676	\$ 772,358	\$ 833,878
Capital Investment	\$ 250,000	\$ 750,000	\$ 550,000
Signing Bonus	\$ 550,000	\$ 100,000	\$ 250,000
Scholarship Support	\$ 10,000	\$ 5,000	\$ 10,000
Net Present Value over 10-Years	\$7,773,180	\$7,176,843	\$7,623,450

Notes:

Commission calculations based on 2014 actual gross bookstore sales