



UNIVERSITY OF
SOUTH CAROLINA

AMENDMENT NO. 1

TO: ALL VENDORS

FROM: Venis Manigo

Venis Manigo

SUBJECT: USC-RFP-0672-BB
PROVIDE BOOKSTORE OPERATIONS FOR THE UNIVERSITY OF SOUTH
CAROLINA

DATE: September 16, 2005

This Amendment No. 1 modifies the Request for Proposals only in the manner and to the extent as stated herein.

1. Attached are answers to questions submitted.
2. The deadline for the receipt of responses remains at September 26, 2005 at 2:30 PM.

OFFERORS SHALL ACKNOWLEDGE RECEIPT OF THIS AMENDMENT IN THE SPACE PROVIDED BELOW AND RETURN IT WITH THEIR RESPONSE.

Authorized Signature

Company Name

Date

ANSWERS TO QUESTIONS
USC-RFP-0672-BB
PROVIDE BOOKSTORE OPERATIONS FOR
THE UNIVERSITY OF SOUTH CAROLINA

BARNES & NOBLE (Columbia Bookstore)

QUESTION 1

(RFP Part 4.2.12, Page 9) Merchandising Rights

The contractor shall have exclusive rights to operate the full service Bookstores located at the University on its campus in Columbia, South Carolina, offering all goods and services, including campus textbook buyback services, normally found in university bookstores and any such additional services that may be required by the University during the term of the contract. The University shall grant the contractor the right to sell University licensed products; however, the right is not exclusive. The appropriate license fee is to be paid by the contractor to licensed vendors. Contractor's exclusive rights do not include merchandise and services currently sold elsewhere within the University by budgeted units of the University, student organizations, or through other contract arrangements.

We understand that the University wishes not to grant exclusivity to the Bookstore for logoed merchandise items as it may conflict with the right of vendors off-campus to sell logoed merchandise items, we respectfully request that we be allowed exclusive rights to sell logoed items on campus grounds, with the exception of merchandise and services currently in place on the University of South Carolina and its grounds. We propose that this exclusivity clause read:

The Bookstore shall also be University of South Carolina's exclusive "on-campus" and Internet seller of items typically sold in college bookstores, such as 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 University of South Carolina emblem, logo, insignia or other identifying mark.

As used in this Agreement, "Internet" includes the World Wide Web and any proprietary on-line service (e.g., America On Line).

University of South Carolina shall not contract with any third party to provide any services of the type outlined in this agreement on any University owned or occupied property.

In addition, we would like to honor University of South Carolina's request that "exclusive rights do not include merchandise and services currently sold elsewhere within the University by budgeted units of the University, student organizations, or through other contract arrangements." However, we do request that the University provide us with a list of current services, merchandise and groups what would be included in this clause so that we may grant them the exclusivity desired for their current activities and sales items.

ANSWER:

The University is willing to change the wording of this section to provide as follows:

4.3.4 Merchandising Rights

The Bookstore shall also be University of South Carolina's exclusive "on-campus" and Internet seller of items typically sold in college bookstores, such as educational supplies, notebooks, stationery, desk and room accessories, gift items, jewelry (with the exception of jewelry sold by the the University of South Carolina Alumni Association,) and clothing, including any and all such items bearing a University of South Carolina emblem, logo, insignia or other identifying mark.

As used in this Agreement, "Internet" includes the World Wide Web and any proprietary on-line service (e.g., America On Line).

The University of South Carolina will not contract with any third party to provide any services relating to the sale of textbooks or other course related materials on any University owned or occupied property and will only contract with a third party to provide any of the other types of services outlined in this agreement on any University owned or occupied property if the need to have such a service is determined by the University and the Bookstore contractor is given the first right of refusal to provide the service requested at the location requested.

QUESTION 2

(RFP Part 4.2.12, Page 10) Merchandising Rights

The University, subject to its own discretion, shall retain the right to provide other retail sales operations on campus, operated directly or through other contract arrangements. However, such retail sales operations will not unreasonably compete with the primary bookstore merchandise categories (i.e., new and used textbooks, trade and reference books, supplies, and emblematic items).

We intend to honor the spirit of the above referenced University request; we ask that it be reworded in the following way:

The University, subject to its own discretion, shall retain the right to provide other retail sales operations on campus, operated directly or through other contract arrangements. However, such retail sales operations will not unreasonably compete with the primary bookstore merchandise categories (i.e., new and used textbooks, trade and reference books, supplies, and emblematic items) **or materially impact the annual gross sales of the bookstore.**

ANSWER:

The University is willing to change the wording to provide as follows:

4.3.4 Merchandising Rights

The University shall retain the right to provide other retail sales operations on campus, operated directly or through other contract arrangements. However, such retail sales operations will not unreasonably compete with the primary bookstore merchandise categories and major revenue sources, which are new and used textbooks, trade and reference books, supplies, and emblematic items.

QUESTION 3

(RFP Part 4.4.14, Page 12) Book Pricing

The contractor shall operate according to the following pricing policies:

4.4.14.1 All new paperback books, trade books and magazines shall be sold at prices no higher than publisher's suggested retail prices;

4.4.14.2 Textbook pricing is as follows;

- (1) New textbooks ordered from publishers will be sold at prices no higher than a 25% margin, i.e., Cost divided by 75% = Selling Price.**
- (2) New textbooks ordered from wholesalers will be sold no higher than the current list price.**
- (3) Used textbooks purchased from students and wholesalers are to be priced at 75% of new book prices.**

(4) Course Packs/Class Notes are to be sold at prices no higher than a 25% margin using the same pricing computation method as with new textbooks from publishers.

We respectfully request that the University of South Carolina allow us to use our standard pricing and pricing contract language as it has been provided below:

As per our current agreement, Barnes & Noble represents that the sale markup basis at the Bookstore will be as follows:

- a) 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, inclusive of restocking fees, return penalties and freight surcharges. Net priced books are defined as books purchased from publishers that do not have a publisher's suggested list price or when the publisher's discount to the bookstore is less than 20%.
- b) Used textbooks will be sold at 25% less than the new selling price.
- c) Course packs and textbooks purchased from publishers with restrictive or non-returnable text policies will be priced at up to a 30% gross margin.

Barnes & Noble shall, upon request, provide proof of conformity to pricing policies as specified herein. This is the policy that has been in place for the past five years in the University of South Carolina Bookstore, during which we have grown the sales 42.6%.

ANSWER:

The University is willing to change the wording of this section to provide as follows:

4.4.14.2 Textbook pricing will be as follows:

- (1) 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, inclusive of restocking fees, return penalties and freight surcharges. Net priced books are defined as books purchased from publishers that do not have a publisher's suggested list price or when the publisher's discount to the bookstore is less than 20%.
- (2) Used textbooks will be sold at 25% less than the new selling price.
- (3) Course packs and textbooks purchased from publishers with restrictive or non-returnable text policies will be priced at up to a 30% gross margin.

The contractor shall, upon request, provide proof of conformity to pricing policies as specified herein.

QUESTION 4

(RFP Part 4.4.19.1, Page 13) Used Book Purchasing

If the contractor has a faculty order indicating a book will be a course adoption for a following semester, it will pay no less than fifty percent (50%) of the publisher's then current suggested retail price. A lesser amount may be paid only if copies required for faculty orders are filled, or if the book is in unusually poor condition.

Although we intend to honor the spirit of the above referenced University request, we ask that it be reworded in the following way:

If the contractor has a faculty order indicating a book will be a course adoption for a following semester, it will pay no less than fifty percent (50%) of the **current selling price**. A lesser amount may be paid only if copies required for faculty orders are filled, or if the book is in unusually poor condition.

ANSWER:

The University is willing to change the wording to provide as follows:

4.4.19.1 If the contractor has a faculty order indicating a book will be a course adoption for a following semester, it will pay no less than fifty percent (50%) of the **current selling price**. A lesser amount may be paid only if copies required for faculty orders are filled, or if the book is in unusually poor condition.

QUESTION 5

(RFP, Part 4.4.21) Used Book Purchasing Systems

The contractor shall use an automated system, approved by the University, for the purchase of used books from students, faculty, and others at the University. The purchase of books for resale to other book companies or wholesalers will be accounted for separately. The contractor must identify and differentiate between books purchased for future resale to USC students and those books that will be resold to other bookstores or used book wholesalers. All sales to other bookstores and used textbook wholesalers must be recorded as contractor income and included in University bookstore gross sales.

Purchasing wholesale textbooks at buyback is a service to our campus communities. We will gladly include commissions paid to us by our wholesaler; however, merchandise transferred from one Barnes & Noble store to another is inventory transferred at our cost. Therefore, there is no commission to be paid on these transfers. This is a very important and critical service that Barnes & Noble provides to students across the country.

ANSWER:

The University understands this and is willing to change the language to provide as follows:

4.4.21 Used Book Purchasing Systems

The contractor shall use an automated system, approved by the University, for the purchase of used books from students, faculty, and others at the University. The purchase of books for resale to other book companies or wholesalers will be accounted for separately. The contractor must identify and differentiate between books purchased for future resale to USC students and those books that will be resold to other bookstores or used book wholesalers. All sales to other bookstores that are not owned by the contractor and used textbook wholesalers must be recorded as contractor income and included in University bookstore gross sales.

QUESTION 6

(RFP Part 4.5.15, Page 18) Contractor Support Responsibilities

The contractor will pay for all required computer services, pest control, trash removal, and janitorial service. The University shall not guarantee uninterrupted computer services, but shall be diligent in restoring service following any interruptions.

We will be happy to continue to care for our own computer and janitorial needs as we currently have; we request that the University be responsible for pest control and trash removal services.

ANSWER:

The University is willing to change the language to provide as follows:

4.5.15 Contractor Support Responsibilities

The contractor will pay for all required computer services, trash removal from within the store, outdoor clean-up and trash removal from the outdoor café area to the University dumpsters in the loading dock of the Russell House, and janitorial service. The University shall not guarantee uninterrupted computer services, but shall be diligent in restoring service following any interruptions.

QUESTION 7

(RFP Part 4.7.5, Page 21) Bookstore Management

The University must approve assignment of the contractor's Bookstore Manager and Textbook Manager. Subsequent changes in these assignments are to be made by the contractor only after prior consultation with and approval of the University. The University must approve the annual total compensation package offered to the Bookstore Manager. In requesting approval of this salary, the contractor must provide information by university name of the total compensation package offered to other university Bookstore Managers whose gross sales were at a level ranging within a million dollars under and over the sales of the University Bookstore for the previous contract year. The total compensation requested to be paid to the Bookstore Manager cannot be less than that provided to any other university Bookstore Manager for a bookstore of comparable sales. The person identified by the contractor to manage the Bookstore must have at least two years of experience with consistently increasing revenues in the management of university bookstores of the size and complexity as the one located at USC. This person must be outgoing, a proven merchandiser, a good communicator, a proven leader, and must have exhibited the ability to deal effectively with University students, faculty, and staff. A Bachelor's degree or equivalent is required and masters preferred.

We would like to request exception for this item for two reasons:

- A. We have a broad range of Bookstores across the United States, our management salaries are determined by many factors that may produce different compensation results for the same volume stores. Affecting criteria may include:
 - 1. The location of a bookstore and the cost of living for that area – For example, a New York City manager will get paid more than one in Columbus, OH, even if both stores have the same volume
 - 2. Experience – A manager with 10 years of experience will be paid more than one with 5 years, despite the fact that they operate similar stores

Our stores are wide ranging in location, volume and the above mentioned criteria; therefore, we would not be able to provide the University with the comparison desired. Consequently, we request that the University allow us to manage our employees and our bookstore manager's salary and benefits according to our in-depth and industry competitive formula and vast experience. We will continue to provide an exceptional and well-compensated store manager who is an appropriate fit to the University and its surrounding area.

- B. Providing this information to the University would make it public record; our counsel has encouraged us not to set this precedent. In addition, this could open our company to legal action by other employees as perceived unfair treatment.

ANSWER:

The University is willing to change these requirements to provide as follows:

4.7.5 Bookstore Management

The University must approve assignment of the contractor's Bookstore Manager and Textbook Manager. Subsequent changes in these assignments are to be made by the contractor only after prior consultation with and approval of the University. The University must be verbally consulted annually in the performance

appraisal and resulting compensation offered to the Bookstore Manager. The person identified by the contractor to manage the Bookstore must have at least two years of experience with consistently increasing revenues in the management of university bookstores of the size and complexity as the one located at USC. This person must be outgoing, a proven merchandiser, a good communicator, a proven leader, and must have exhibited the ability to deal effectively with University students, faculty, and staff. A Bachelor's degree or equivalent is required and masters preferred.

QUESTION 8

(RFP, Part 7, Section A)

Offeror shall provide a description of its general background, experience and qualifications to operate the USC Columbia Bookstore. Information on relevant experience must be provided, including the total number of contracted bookstore operations at all university campuses, total sales volume for the most recent academic year by university location, and other information believed to demonstrate qualifications. Also include a listing of all university accounts with annual sales of over \$6 million.

We are very proud of our references and solid client relationships, just as we have been proud to be a partner of the University of South Carolina community during the past five years. Our devotion to our campuses is how we have grown our company to the 500+ campus communities we currently serve. Because we value the privacy of the colleges and universities we serve, sales and financial information is confidential and we cannot provide this information as part of this RFP Response. We encourage you to speak to our clients to find out why they chose Barnes & Noble and to inquire about the upward effect a partnership with Barnes & Noble has had on their bookstore sales. A complete list of all Barnes & Noble College Booksellers accounts by state, with a contact person as reference for each school will be provided as part of the final RFP Response.

ANSWER:

The University is willing to change the requirement to provide as follows:

PART SEVEN – PROPOSAL CONTENTS

A. Offeror shall provide a description of its general background, experience and qualifications to operate the USC Columbia Bookstore. Information on relevant experience must be provided, including the total number of contracted bookstore operations at all university campuses.

QUESTION 9

(RFP, Part 7, Section C) Offeror shall provide a list of ten (10) university references where the offeror is currently operating bookstores on campuses similar in size to the student population of the USC Campus. References must include name and location of university, size of student body, dates of service, total annual sales for each of the last five years of operations, and the university contact person's name, telephone number and email address.

Within the final RFP Response, we will offer a listing of the ten (10) references requested; however, please note that we do not provide confidential sales and financial information for our college and university partners. We encourage you to speak to our references and inquire about the upward effect a partnership with Barnes & Noble has had on their bookstore sales.

ANSWER:

The University is willing to change this requirement to provide as follows:

PART SEVEN – PROPOSAL CONTENTS

...

C. Offeror shall provide a list of ten (10) university references where the offeror is currently operating bookstores on campuses similar in size to the student population of the USC Campus. References must include the name and location of the University, size of the student body, dates of service, and the name and telephone number of the staff person at the University who oversees the contract.

QUESTION 10

(RFP, Part 7, Section E)

Offeror shall provide a list of all university bookstores in which it provides a coffee shop, café or food service other than pre-packaged convenience items. For each of these accounts, the annual sales volume for the last three years of operations must be included. The name, telephone number and email address for the university contact for each of these accounts must be listed.

Unfortunately, we are not able to provide confidential sales and financial information for our college and university partners; however we encourage you to speak to the references for the bookstores in which we provide a coffee shop, café or food service, that we will provide in the final RFP Response, to inquire about the upward effect a partnership with Barnes & Noble has had on their bookstore sales.

ANSWER: The University is willing to change the wording of the requirement to provide as follows:

PART 7 – PROPOSAL CONTENTS

E. Offeror shall provide a description and list of all University Bookstores in which it provides a coffee shop, café or food service other than pre-packaged convenience items. For each of these accounts, the name, and telephone number for the university contact for each of these accounts must be listed.

QUESTION 11

(RFP, Part 7, Section M)

...Also included are sales to other bookstores and used book wholesalers of textbook purchased from USC students, and not used to satisfy USC course requirements....

Purchasing wholesale textbooks at buyback is a service to our campus communities. The money paid to us for these books rarely meets the labor and shipping expended while performing this service. In addition, we do not sell textbooks to our other bookstores. All goods sent to these stores are transferred and produce no profit for the USC Bookstore. Allowing our stores to transfer product instead of having to purchase it from each other allows us to maintain lower prices for our customers. Based on this information, we request that the University allow the goods associated with these services to be exempt from commission paid to the University.

ANSWER:

This section refers to sales of textbooks to other bookstores and not transfers of books to other stores within the contractor's bookstore system.

QUESTION 12

(RFP, Part 7, Section I)

Offeror shall provide information about their access to, and sale of, used textbooks.

1. Describe access to used textbooks.
2. Provide the average of used textbook vs. new textbook sales of the ten (10) University references in PART SEVEN, C above.
3. The average of used books purchased through buyback from students as a percentage of the

total used books purchased for the ten (10) University references mentioned in PART SEVEN, C. above, if available.

4. Identify the specific textbook wholesale buying guide recommended for use when determining buy back value of textbooks not being used at USC the following semester.

The exception in question is for items 2 and 3 on the above detailed RFP segment. Unfortunately, we cannot provide confidential sales and financial information for our college and university partners; however, we encourage you to speak to our references provided in the final RFP Response to inquire about Barnes & Noble's successful used textbook program on each campus.

ANSWER:

The University is willing to change the wording of this section to provide as follows:

Offeror shall provide information about their access to, and sale of, used textbooks.

1. Describe access to used textbooks.
2. Identify the specific textbook wholesale buying guide recommended for use when determining buy back value of textbooks not being used at USC the following semester.

BARNES & NOBLE (Lancaster Bookstore)

Question 1

RFP Page 2, Schedule – 4 Public Opening – What information will be disclosed at the public opening?

Answer: Only the name of the vendors responding.

Question 2

RFP Page 10, Section I 4.4.4 - What program is used for Student Financial Aid?

Answer: No single software program is used. A conglomeration of systems have been developed in-house and integrated for required functionality.

Question 3

RFP Page 27, Section II – Part 3 - Are there any plans to move or expand this facility over the next 10 – 15 years?

Answer: There are no plans to move or expand this facility over the next 10 – 15 years.

Question 4

Please provide CAD drawings or blue prints of the bookstore space.

Answer: The original floor plans are included with this amendment. An updated sketch of the existing floor plan is also included. Please note that the drawings are not to scale and should be used as appoint of reference in conjunction with the site visit.

Question 5

RFP Page 31, Section II 4.2 g3 - Is the CarolinaCard implemented at the Lancaster Campus?

Answer: No.

Question 6

If no, please provide the projected timeframe when it will be implemented.

Answer: USC Lancaster will be providing CarolinaCards to students beginning Fall 2006.

Question 7

RFP Page 32, Section II 4.3 e - How is Student Financial Aid currently processed within the bookstore?

Answer: The bookstore does not receive direct financial aid payments. Students receive financial aid checks and use these to make purchases at the bookstore.

Question 8

Section II 4.3 f - What program /processes is used for departmental charges?

Answer: A manual system is used at the Lancaster campus. A manual ticket is prepared for all items selected by departments. All tickets are then compiled on a quarterly basis and charged to the appropriate departmental budget.

Question 9

RFP Page 33, Section II 4.4 b - Please provide the total annual payroll with benefits paid to the bookstore team for last fiscal year.

Answer: Total annual payroll, including fringe benefits, for all staff is \$69,224.97.

Question 10

Please provide the number of full-time bookstore employees along with their starting dates of employment with the University.

Answer: There are presently two full-time employees with the following dates of hire: September 1, 1968, February 18, 1985.

Question 11

RFP Page 35, Section II 4.5 b9 -Please provide the locations of all satellite instructional sites.

Answer: Fort Mill, Clover, Camden, Rock Hill, Lewisville, Lancaster and Winnsboro, South Carolina. Books are not sold at these satellite locations. All book sales are made at the Lancaster campus Bookstore.

Question 12

RFP Page 36, Section II 4.7 – 2 - Please provide a breakdown of the sales provided (\$417,873) within the RFP by category – new text; used text; scholarly & general books; supplies; clothing; sundries and misc.

Answer: We only have the following breakdowns;
Books (new & used) \$395,369.80
Supplies (supplies & clothing) \$22,503.57

Question 13

Section II 4.8 – 2 - Please provide details of the “Freshmen Book Reserve Program”.

Answer: The Lancaster campus does not participate in the “Freshman Book Reserve Program”.

FOLLETT HIGHER EDUCATION GROUP

Question 1

Please provide the annual salary and wages amount for the USC-Lancaster location.

Answer: Please refer to the answer to Question 9 above.

Question 2

How many full-time employees work in the USC-Lancaster bookstore currently?

Answer: Please refer to the answer Question 10 above.

Question 3

Is there currently any bookstore program at USC-Columbia that integrates the bookstore e-commerce site with the University’s on-line registration program, or is there a “book fee” for freshman or new students allowing for direct sales through the University bookstore? If yes, please describe.

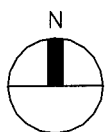
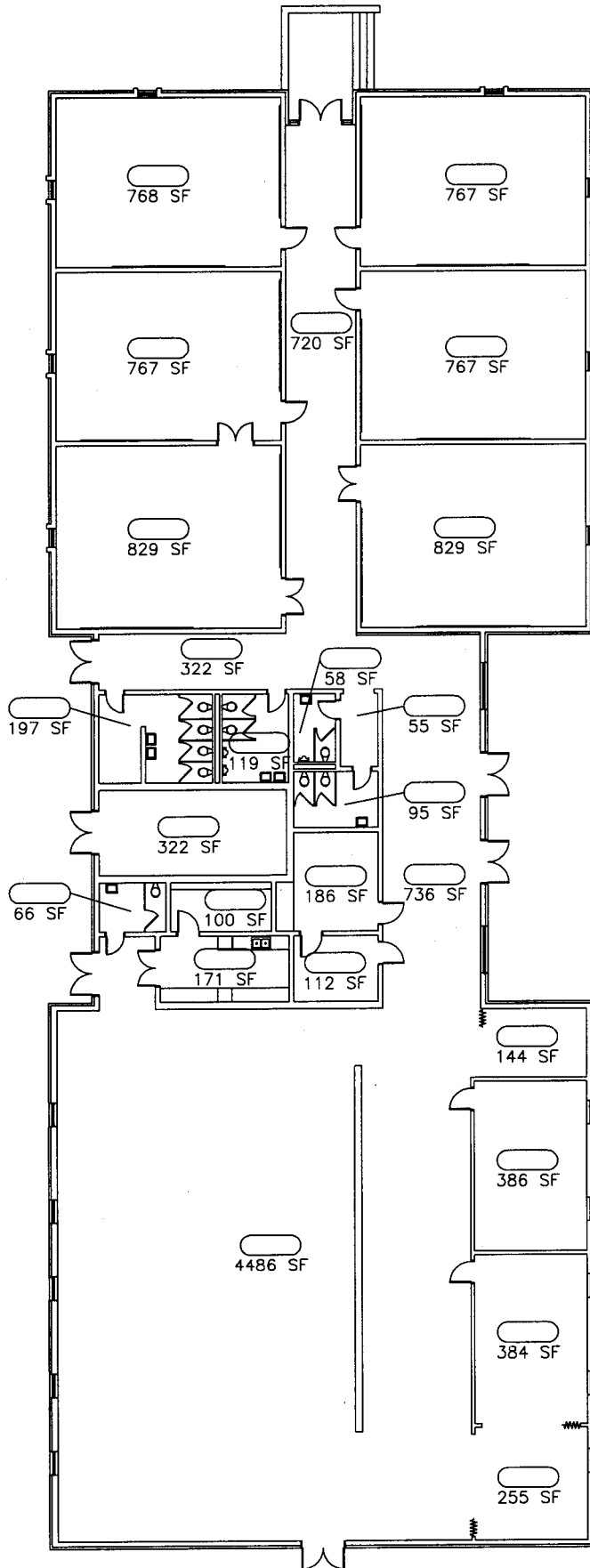
Answer: There is not a bookstore program that integrates the bookstore e-commerce site with the University’s on-line registration program, and there is no “book fee” for freshmen or new students allowing for direct sales through the University bookstore.

Question 4

Please provide a list of the Proposal Evaluation Committee members including their respective positions at the University. Who will score the proposals?

Answer: **At this time the list of Evaluation Committee members is not public information. Only after proposals are scored and an intent to award a contract is issued will this information become public information.**

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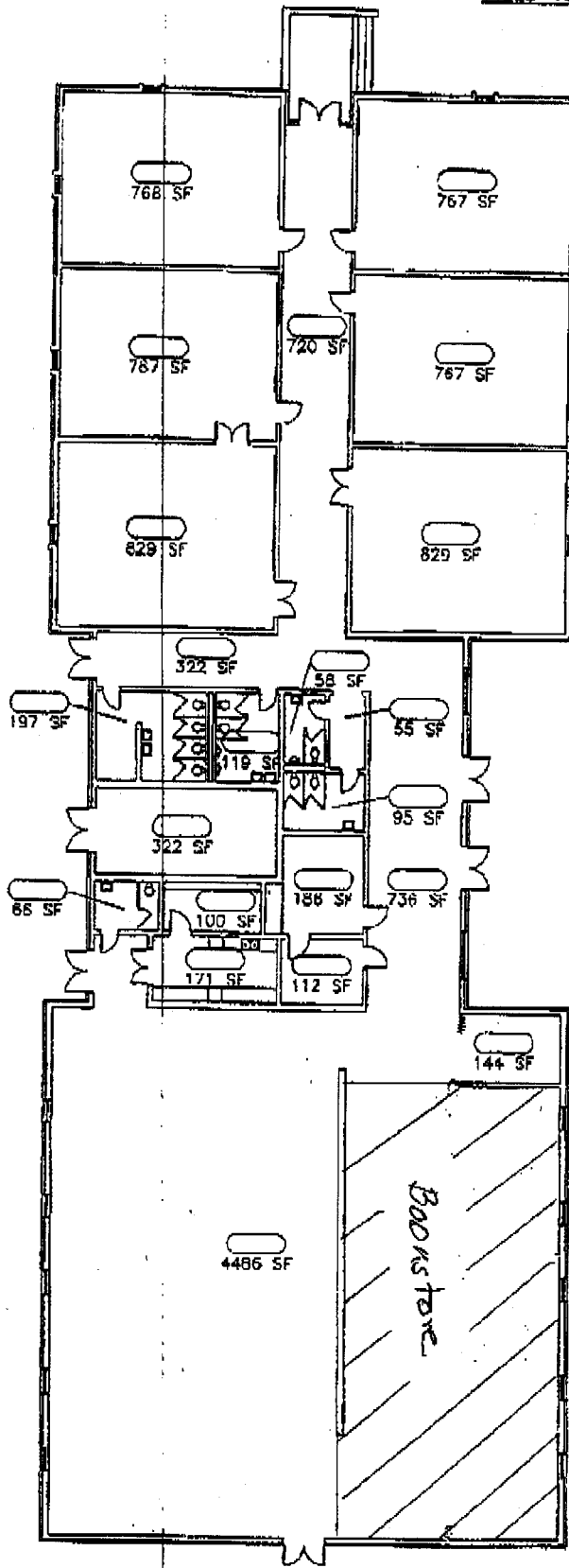


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FIRST FLOOR PLAN (821)

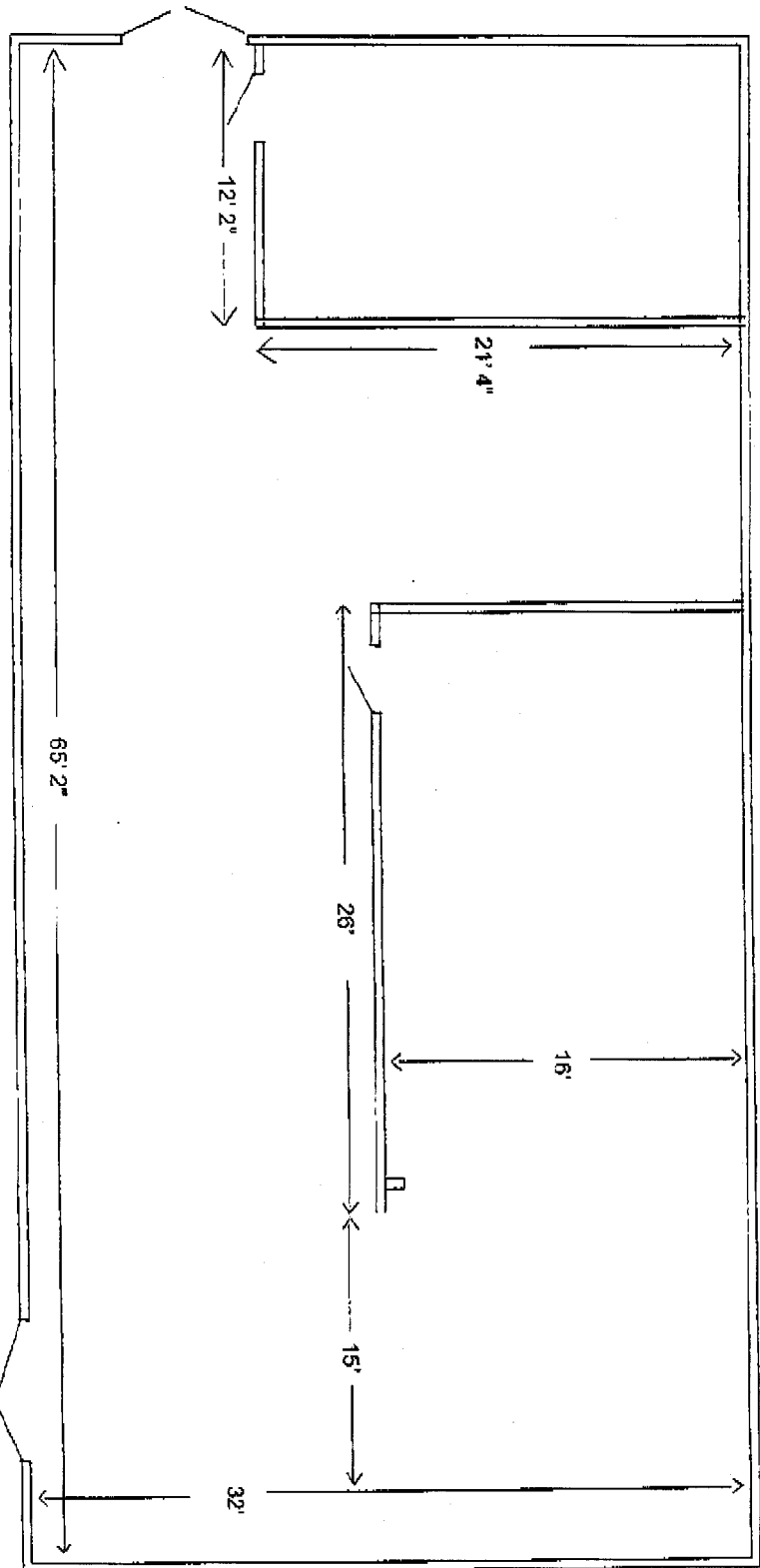
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FIELD VERIFY DRAWING



FIRST FLOOR PLAN (821)

NOT TO SCALE



USC Lancaster Bookstore/Campus Shop (drawing not to scale)
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