

# Exhibit H

Barnes & Noble College  
Response 10/25/18

## Barnes & Noble Negotiations 10.18.2018

1. Proposal states a \$21,059 buyout of store fixtures as a part of the capital contribution.
  - a. What fixtures does this dollar amount represent?

**ADDENDUM 2** 4/5/2018 #5 stated: Question - "Existing Fixtures & Furniture: Please provide the unamortized value the Contractor is to pay the University for the existing fixtures and furniture."

UMW Answer: "Buy out = \$21,059 + negotiated value of remaining fixtures and furnishings."

Barnes & Noble College is proposing \$21,059 to have continued use of all existing store fixtures. We believe that these existing fixtures complemented with new feature tables, fixtures, and a dynamic graphics package, celebrating the UMW Brand, will create engaging retail theatre in a student customer-centric environment. We believe strongly in this partnership. Therefore, we will allocate the \$21,059 in addition to the \$175,000 for a total of \$196,059 and suggest moving forward the funds needed, that were originally earmarked for Year 6, so we can create the WOW experience featured in the attached boards Exhibit A – Phase 2.

2. Provide a detailed digital rendering of a proposed floor plan and design, relevant to the size and configuration of UMW's physical space, which was detailed Phase 1 of the Negotiation questions from 10.5.2018.

We are pleased to furnish (2) concept floor plans, attached as EXHIBIT A – Phase 1 and 2.

The Phase 1 plan represents the merchandising and rezoning initiatives we would undertake upon management transition. Our local and regional field management resources, coupled with our home office merchant teams, will "makeover" the store, gainfully reusing existing store fixtures and adding select, drop in place fixtures to clarify and highlight merchandise offerings and exploit strategic adjacencies.

The Phase 2 Plan illustrates all of our proprietary, best-in-class store design and visual merchandising initiatives that we plan to bring to our partnership with UMW. The photos around the plan are case studies of successful store remodels undertaken with other Campus Partners. The plan represents initiatives we will execute together with capital proposed during the Contract period.

Our vision is to create a warm, dynamic and inviting academic retail environment giving customers an immediate and intuitive sense of the UMW Campus Store's offerings as soon as they enter the store. We will remove the existing half wall behind the center storefront windows, returning this high value real estate for customer in store shopping. We will take care to maximize the visual impact of displays on and along the drive aisles. Complementary feature tables and fixtures will be added for emblematic school spirit gifts, clothing and accessories.

We also note that the current textbook department occupies a significant amount of space. We propose compressing the textbook department into a much smaller footprint, with floor fixtures placed efficiently on the orthogonal grid. We will engineer a segregated area for concierge counter service in support of Online Order distribution and end of semester rental returns and buyback. We further propose erecting a tall, free standing floor fixture that serves double duty:

- a. Configuring dramatic wall display of UMW general merchandise on the front side with high capacity textbook shelving on the back side; and
- b. Creating a foil to the view of textbooks; placing them largely "out of sight and out of mind" to customers, allowing us to maximize the sales areas for the display and presentation of UMW clothing and gifts.

This new thinking about space allocation allows us to carve out "new" space to honor UMW scholarship by creating a social space anchored by a high impact wall display of UMW Faculty and Alumni Authors, and local/regional titles of interest to the UMW community and its guests and visitors. This book-centric space will contain flexible seating for customers to relax, browse through their title selections, study and have conversations. The space is also flexible to accommodate literary events hosted by the Campus Store, such as author signings, poetry readings, book discussion groups, gaming events, acoustic music sessions and other activities of interest to UMW students.

Lifestyle and trend product assortments will include SakRoots, Vera Bradley, Lily Pulitzer, Hunter, Tom's and other relevant brands while also reinvigorating the convenience food, beverage, and coffee offerings.

A detailed placement plan developed by Len Scoggins and our Merchants will take the attached department allocations a step further based on the inventory at the time of transition and the new assortment items Barnes & Noble College is introducing to UMW.

3. Revise Attachment L of the proposal to reflect the commission structure based on 20% new book margins, \$300,000 commissions in year one, and 90% prior year calculated commission in years 2 – 5. Report non-commissionable sales and sales at different commission rates separately within the document and provide a projected annual total commission payable to UMW in years 1-5.

Barnes & Noble College encourages UMW to accept the 20% new book margin offer as this will speak volumes to your students, help to recapture those who are electing to purchase their educational materials elsewhere and help to keep costs down as well as be competitive.

4. Relative to inventory valuation, when determining overstock of adopted textbooks, describe the purpose and clarify the methodology for the preference and selection of new books over used books.

Quite contrary, when determining our immediate physical inventory needs, used is always preferred over new to ensure we can offer the lowest cost options to your students. Used and then New inventory would be purchased up to the course enrollment needs. We encourage that new overstock on adopted titles or non-adopted text and trade be returned to the publisher for credit.

Page 129 BNC Proposal: After the University of Mary Washington has attempted to collect credits from all vendors with outstanding credit balances, Barnes & Noble College will purchase unapplied credit memos, provided the vendors agree to transfer them to our account. For those not transferred, we will work with University of Mary Washington by having UMW make the purchase/s on our behalf, with our reimbursing the University for the product.

5. Relevant to the purchase terms of inventory:

- a. clarify the method of Payment for Inventory as described on pg. 97 of the proposal:

- i. 50% w/in 60 days of completion of a physical inventory
- ii. 50% w/in 120 days after the completion of that inventory

Our usual process is to pay for half of the inventory at 60 days after completion of the inventory to allow for all records to be agreed upon. The remaining 50% is then paid 60 days after the first payment. If this is an item UMW wishes to negotiate we are open to discussion.

- b. Define inventory process and provide timeline

Based on the contract start date, a mutually agreed upon inventory date is determined between the University and Barnes & Noble College. Inventory is typically the Friday prior to the contract start date to ensure your students have full service the following week. A professional third-party inventory company conducts the inventory with representatives from both the University and Barnes & Noble College observing to check and confirm the counts. Our timelines can be adjusted to meet specific needs and requirements.

6. Provide a detailed Capital Investment spreadsheet to reflect exactly what is included in the \$175,000, as identified on pg. 128 of the proposal.
  - a. Include detailed dimensions and a rendering of the Spirit Trailer.

The mobile trailer is 8'W x 16'L x 7'H and is pulled by a vehicle with a standard towing hitch. The trailer is equipped with store fixtures and mobile POS technology to support any campus wide "pop up" event, including home sporting events, homecoming, parents' weekends, remote buyback/rental returns, commencement, etc. An illustration of the proposed custom UMW graphics wrapped trailer may be found on the signage and graphics board, previously submitted.

\$196,059 Projected allocation:

~\$49,000 operating equipment & security systems to include perimeter security, internal security cameras, and electronic article surveillance.  
~\$48,000 computer systems to include in-store POS, mobile POS, PC's, printers, and our inventory management systems for textbooks, general merchandise, and website platforms  
~\$30,000 UMW branded trailer  
\$41,665 tables, furniture, fixtures and mural graphics  
\$27,394 RFP Section VII B #6 Nebraska Book Company systems (our preference is to have these dollars allocated for the renovation and not for systems that are of no value to Barnes & Noble College's operations.)

7. In reference to purchase of merchandise, please quantify the six-month supply referenced in the proposal.

When the inventory is evaluated anything older than 6 months falls into the distressed category. If UMW has not sold the product / item within 6 months the likelihood of Barnes & Noble College selling it is greatly reduced unless the price is significantly lowered.

For large quantities we also look at the sell through along with the in-stock date as this information provides insight into a potential over purchase that will require a price reduction to clear the product and make the open to buy available for new, fresh items.

If there are any items specific to the University of Mary Washington that the campus store currently stocks (i.e. postcards; posters of the University; etc.) we will purchase these items regardless of date or quantity.

8. Should the university decide on Co-branding option, describe the methodology used to achieve this option.

a. Are merchandising graphics effected? **No** If so, please provide examples.

b. Is external signage required? **No** If so, please provide examples.

We do not require external signage however our partners who desire to co-brand invariably request external signage. If UMW desires to have co-brand external signage, as guests on your campus, we will work in partnership with University stakeholders and the marketing and brand guidelines of the University, resulting in our development of renderings for University selection and final approval. The fundamental decision to co-brand or not co-brand rests with UMW. Please see examples of such co-brand signs Exhibit B

9. To ensure continuity of operations, provide UMW a detailed deployment timeline identifying all processes to identify critical and potential points of failure.

A detailed transition plan is included as Exhibit C.

Quite honestly, failure is not an option and does not occur as together we develop a timeline that works for all. A critical point of opportunity is ensuring the UMW IT Team has the resources to work with the Barnes & Noble College IT Team in the implementation and integration of our Connect Technologies (Page 6 Barnes & Noble College Proposal).

10. How would the vendor support UMW to ensure continuity of operations in the event that UMW staff give notice prior to an implementation?

We welcome the UMW campus store employees who are in good standing with the University and desire career opportunities with Barnes & Noble College. If the need would arise for assistance prior to the transition we are positioned with local resources to support UMW. Our teams within the State of Virginia at William & Mary; Norfolk State University, George Mason University, Virginia Commonwealth University, Tidewater Community College, Longwood University and Northern Virginia Community College have strong resources and are poised to assist prior to, during and after the transition, until a full dedicated staff is in place.