COLLEGE SERVICES AGREEMENT
For non instructional revenue generating or no cost services to the college or community

1. PREPARE TWO COPIES.

ACCEPTANCE OF THIS CONTRACT IMPLIES CONFORMANCE WITH ALL TERMS AND CONDITIONS
SET FORTH BELOW AND IN THE BODY OF THE CONTRACT WHICH CONTINUES ON PAGE 2.

CONTRACT TO CLIENT NAME
Follett Higher Education Group, Inc.

CONTRACT • CLIENT ADDRESS
1918 Swift Drive, Oak Brook, Illinois 60523-1576

STATE AGENCY NAME AND ADDRESS - Board of Trustees of Community Technical Colleges
61 Woodland Street, Hartford, CT 06105

AGENCY NO. CCC78000

CONTRACT PERIOD DATE (FROM) THROUGH (TO)
7/1/2007 6/30/2012

AS YOU PRESENTLY A STATE EMPLOYEE? YES NO

CANCELLATION CLAUSE
THIS AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT FOR THE ENTIRE TERM OF THE CONTRACT
PERIOD STATED ABOVE UNLESS CANCELLED BY EITHER PARTY, BY GIVING THE NUMBER OF DAYS' WRITTEN NOTICE
INDICATED AT RIGHT, DELIVERED PERSONALLY OR BY CERTIFIED OR REGISTERED MAIL, TO THE FOLLOWING ADDRESSES

AND DELIVERY OF NOTICE
STATE: CONTRACTOR or CLIENT:
61 Woodland Street 1818 Swift Drive
Hartford, CT 06105 Oak Brook, IL 60523-1576
Attention: Beverly E. Lambert Attention: Joseph Flanagan

COMPLETE DESCRIPTION OF SERVICE
The responsibilities and agreement as outlined in Section 1, Description of Services, which continues on page 2 of this contract, in accordance with all terms and conditions of the contract outlined in Section 3, Other Terms and Conditions.

COSTS AND SCHEDULE OF PAYMENTS
CONTRACTOR / CLIENT SHOULD ADDRESS ALL CONTRACT AND PAYMENT QUESTIONS TO THE AGENCY BUSINESS OFFICE AT:
Beverly E. Lambert, BOTCTC: 860-244-7644

NAMES AND TELEPHONE
CONTRACTOR / CLIENT SHOULD ADDRESS ALL QUESTIONS REGARDING SCOPE OR PERFORMANCE OF SERVICES TO THE RESPONSIBLE DEPARTMENT AT:
Beverly E. Lambert, BOTCTC: 860-244-7644

AGENCY SHOULD ADDRESS ALL CONTRACT AND PAYMENT QUESTIONS TO THE CONTRACTOR / CLIENT AT:
Joseph J. Flanagan, Follett: 800-323-4506

FOR INTERNAL USE ONLY
REVENUE CODING | FISCAL YR(s) | AMOUNT | NOTES
--- | --- | --- | ---

ACCEPTANCE AND APPROVALS

[Signature]

STATUTORY AUTHORITY
C.G.S. 4a-52a, 10a-151b

DATE SIGNED
11/5/07

DISTRIBUTION: ORIGINAL-CONTRACTOR COPY-AGENCY

Contract continues on Page 2

Amendment

PSA: P10 \ Bookstore.
BOOKSTORE OPERATING AGREEMENT BETWEEN
FOLLETT HIGHER EDUCATION GROUP, INC. AND
THE CONNECTICUT COMMUNITY-TECHNICAL COLLEGE SYSTEM

This Bookstore Operating Agreement ("Agreement") is made as of July 1, 2007 between Follett Higher Education Group, Inc. ("Follett" or "Contractor") and the Connecticut Community-Technical College System ("the System")

Subject to all terms and conditions in this Agreement, Follett shall operate official college bookstores on the campuses of the following System colleges (individually, "College", collectively "The Colleges") pursuant to the terms herein:

Manchester Community College,
Northwestern Connecticut Community College,
Housatonic Community College,
Middlesex Community College,
Capital Community College,
Gateway Community College,
Three Rivers Community College,
Asnuntuck Community College.

NOTE: This Agreement shall serve to immediately terminate and replace any currently-existing agreement between Follett and any of the Colleges in included herein.

ARTICLE I - DESCRIPTION OF SERVICES

1. Term, Termination and Services.

Follett shall operate full-service, high quality, cost effective bookstores ("Stores") at each of the Colleges listed above. These services must be provided in a manner which shall enhance campus academic and student life programs. Follett shall operate each bookstore in accordance with the highest standards and commercial practices of the bookstore industry.

This Agreement takes effect July 1, 2007, and continues, unless sooner terminated in accordance with this Agreement, until June 30, 2012 ("the Term"). Thereafter, unless either party notifies the other in writing at least 120 days before expiration of the initial term, or then-current renewal term, of its intention not to renew, this Agreement shall automatically renew for successive one-year renewal terms under the terms and conditions set forth in this Agreement.

Either party may terminate this Agreement with or without cause by giving the other party at least 120 days prior written notice of termination.
Follett shall operate each bookstore as outlined below:

a) Follett shall create a system within each bookstore where students can charge purchases of textbooks and class materials against their financial aid award.

b) Follett shall create a computerized system to allow students advance access to textbook information for the following semester, including the title, author, price, and International Standard Book number ("ISBN").

c) Follett, the System and the Colleges shall create a practice which supports faculty ordering textbooks and classroom materials for the following semester at an early date which allows each Store to provide a "buyback" opportunity to students who wish to sell their books back to the Store for reuse.

d) Follett shall be required to meet quarterly with each of the College administrations to review operational practices and procedures of the Stores. Follett's Regional Manager and Senior Store manager must be present at such meeting. Once the agreement has been signed and processed, the Regional Manager shall initiate plans for the first quarterly meeting.

e) A Senior Store Manager shall be available to oversee all of the College Stores as needed. The Senior Store Manager shall be located at Capital Community College. Follett shall maintain adequate staffing at all times. The operations of Capital Community College shall not be disrupted should the Senior Manager need to visit one of the other Colleges.

f) Follett and the Colleges shall create an ad hoc textbook committee at each of the Colleges which includes representatives from the student body, the Store, the College administration, faculty, and staff.

3. Follett shall work cooperatively with the Colleges to maintain the highest level of services afforded to students. This shall include, but is not limited to, textbook pricing practices, technology integration and data exchange, strengthening faculty relationships in an effort to minimize textbook costs, providing student friendly policies and procedures, and partnering in College facility projects.

4. Store Improvements.

Follett shall invest in the infrastructures of the Colleges as they continue to undergo significant facility additions, improvements and relocations. In addition Follett shall make routine renovations and/or upgrades of existing stores. Over the Term of the Agreement, Follett shall invest a minimum amount of $765,000 among the Stores to create beautiful, efficient retail space at each of the Stores to enhance their image, attract customers and increase sales. The System shall have the right to determine how to allocate said investments among the various Stores.
On any termination, expiration or non-renewal of this Agreement, System or the individual College shall pay Follett the unamortized book value (calculated on the straight-line method from the in-service date[s] over the greater of 8 years or until expiration of this Agreement) of all Store Remodeling and any contributions paid by Follett.

Follett shall invest $18,000 for advertising and community relations expenses over the Term of the Agreement. This critical investment shall allow the Stores to continue to be an active and willing participant in the campus community.

6. **Commission Structure.** Follett shall provide the following to each College:

a) **Commission Schedule** (all amounts are annual totals):

i) **12.25%** of all Gross Revenue/Sales up to Total System Gross Revenues of $15,000,000; plus

ii) **13.25%** of any part of Gross Revenue/Sales of Total System Gross Revenues over $15,000,000 and up to and including $20,000,000; plus

iii) **14.25%** of any part of Gross Revenue/Sales where Total System Gross Revenues are over $20,000,000

iv) Under this contract, Follett is providing an annual guarantee to the System of $1,250,000 in total commissions.

b) Follett will provide **1% of the Gross Revenue** (as defined below) for textbook scholarships. This amount will be paid quarterly to the colleges, twenty days after the end of the month. These funds must used for textbook scholarships and supplies.

c) Follett shall make commission payments based upon the gross revenue of each of the eight Colleges on a monthly basis twenty days after the end of the month. These payments will be based on the commission structure detailed above. Details of the financial transactions shall be submitted to the individual colleges and the Board of Trustees at the time the payments are made. The Board of Trustees reserves the right to audit the financial records and reports of the Bookstore of the eight Community Colleges operated by Follett.

d) "Gross Revenue" means all sales made by a Store or the Store's world wide web page, catalog, or mail order function (if any), less refunds, returns, taxes, computer hardware sales, commissions earned from rings and graduation regalia, and sales to Follett-funded scholarship students, and to departmental faculty, staff and other sales at a discount, all as reasonably calculated by Follett.

e) "Total Gross Revenue" means the total of all Gross Revenues from the Colleges' Stores.
Pricing. In operating the Store, Follett shall charge industry standard, competitive and fair prices, as follows:

a) New textbooks and trade books, not more than the publishers' list price, or a 25% gross margin (cost divided by .75, inclusive of restocking fees and return penalties) on net price books and list price books sold to Follett at less than a 25% discount off list, plus a freight pass-through.

b) E-books, e-coursepacks, coursepacks, text "packages," "kits," "sets," and "bundles," and non-returnable and return-restricted texts, not more than a 30% gross margin (cost divided by .70, inclusive of restocking fees and return penalties), plus a freight pass-through.

c) Used books, including cloth, paperback and others, not more than 75% of the new textbook selling prices.

d) General merchandise, not more than the normal gross profit margin for similar merchandise in the College bookstore industry.

8. Monthly Statements. Follett shall provide a monthly statement to each College and the System Office that shall state the amount of Gross Revenue/sales generated by Follett. In addition, Follett shall provide the amount of textbook scholarship funds that have been generated. The textbook scholarships shall not be given as a gift card, but as a direct payment to the College. Funds received shall be utilized for textbooks, supplies, and other items that the Contractor sells.

System and College will pay all accounts with Follett within thirty (30) days of invoice, or will pay applicable interest charges.

Contributions. Follett shall give one-time supplemental commission revenue of $50,000 in equal payments of $6,250 to the eight Colleges made payable on July 1, 2007, or upon execution of the contract.

10. The Colleges shall allow Follett to use all the furniture, fixtures and equipment now being utilized in its bookstore operations. Any College equipment provided to Follett, such as furniture and fixtures for use in the Stores, shall be inventoried and made part of this agreement.

11. Follett shall make sure that any College owned equipment used shall be maintained and repaired throughout the Term of the Agreement. At the end of the contract, Follett shall return all fixtures and furniture to the Colleges with appropriate consideration for normal wear and tear. All equipment, fixtures and furniture provided by Follett shall remain the property of Follett.

12. Repairs. Follett shall be responsible for informing a College about needed facility repairs throughout the course of the Agreement. The College shall make or authorize
repairs to the facility. Should a circumstance arise when Follett is deemed responsible for wear or damage, the College may request that Follett pay for the necessary repairs.

13. Follett shall maintain clean and orderly facilities and shall be responsible for the janitorial upkeep of each operation throughout the Agreement.

14. **Utilities and maintenance.**

Energy conservation measures shall be practiced by Follett to minimize utility costs. Follett shall be responsible for long-distance telephone charges and in-store janitorial care. The Colleges shall provide all other utilities.

15. **Emergency procedures.**

Follett shall provide a set of door keys to each Store, but it is understood that Follett shall control the use of all door keys to the Stores. Additionally, Follett shall install a security system on the doors and windows of the bookstore facilities. In case of an emergency, entry into the Stores by the College personnel without prior knowledge of Follett's bookstore manager must be reported to the Store manager as soon as possible. It is important to Follett that the Colleges and the System support its security efforts to protect the bookstore's premises and stock.

16. **Internal security measures.**

In order to secure property in the Stores, Follett shall cooperate with the Colleges in providing Store security, theft prevention, and emergency procedures in case of fire or casualty. Follett shall work with the Colleges and its administration to design appropriate discipline and enforcement regulations. It is not Follett's policy to involve public emergency services in security matters unless the situation is physically dangerous or considered an extreme emergency. Follett shall not cause the Colleges' students, faculty, or staff suspected of theft or disturbance to be arrested by public authorities (except in emergencies) or prosecuted without prior consultation with the College.

17. **Licensing and permits.**

Follett shall obtain and maintain at its sole expense, and in its name, all necessary permits, licenses and bonding required for the operation of the Stores. Follett shall be required to maintain all permits to conform to all the appropriate municipal, county, state and federal laws. Follett shall collect and pay any sales tax, income tax, and all other local, state and federal taxes on Follett's operation (except property taxes on the Stores, and any other tax not currently assessed).
18. Questionable items.

Follett shall not sell questionable merchandise. Should a College question the sale of items it considers objectionable, Follett shall discontinue the display and sale of those items. The Colleges reserve the right to reasonably disapprove any item for sale in their bookstores.

19. Inventory and property loss.

Follett shall be responsible for inventory or other properties damaged or lost while on display within the Stores or in transit to and from the Stores. Follett shall also assume responsibility for the loss of money, checks and credit card collections, as well as inventory theft and robbery.

On any termination, expiration or non-renewal of this Agreement (or any specific College's participation herein) the terminated College or System shall purchase, or cause to be purchased, the Store inventory then on hand on the same terms as purchased by Follett.


Follett shall have the exclusive right, (with the exception of the provision stated below) free from any alternate source endorsed, licensed or otherwise approved or supported by any College or the System (whether on campus, by catalog or through electronic commerce, including hyperlinks to alternate sources) to buy, sell, and distribute (including the right to select vendors) merchandise and services traditionally offered in college and university stores. These items shall include — textbooks, class and alumni rings and jewelry, clothing (whether or not emblematic), school supplies, desk and dorm accessories, gifts, souvenirs, graduation regalia (sale and rental) and announcements, course-adopted software and paper and electronic custom anthologies, and textbook buybacks. Follett shall also have right of first refusal to fulfill any distance learning instructional and ancillary materials required by any College during the term of this Agreement. This Section does not prohibit occasional sales by student groups or student government organizations that do not materially impact Store sales.

The parties understand that there is a separate contractual relationship between Follett Higher Education Group, Inc. and JourneyEd for software sales to students. Furthermore, the parties acknowledge that these sales are not subject to the commission calculations.


To cover any personal injury and property damage, Follett shall carry at least three million dollars ($3,000,000) of public and product liability insurance for the term of the agreement.
Insurance.

Follett shall provide insurance coverage for its employees based on the requirements of the state laws where the Colleges are located. This type of insurance shall include Commercial General Liability, Business Automobile Liability, Worker’s Compensation and Employer’s Liability. In addition, Follett agrees to indemnify the Colleges from all claims and actions arising from damage or injury (including death) to anyone or any property connected with Follett’s performance of this agreement, except for negligent conditions on the part of the Colleges. Follett shall maintain insurance, at its expense, throughout the Agreement and any subsequent renewals. The insurance provided by Follett shall cover all of Follett’s furniture, fixtures, equipment, and inventory located in or on the premises against loss or damage by fire, lightning, windstorm, hail, explosion, riot, civil commotion, aircraft, vehicles, smoke and any other hazards outlined by the Colleges. This insurance policy shall be sufficient to cover the full replacement cost of the items listed above.
ARTICLE II - COST AND SCHEDULE OF PAYMENTS

A. State Liability.
The State of Connecticut, the Board of Trustees of Community-Technical Colleges and the State Contracting Agency ("State" or College) shall assume no liability either for delivery of services promised or for payment for services received under the terms of this contract until the contract is fully executed by the State Contracting Agency, the Contractor / Client, and if applicable, by the Attorney General of the State of Connecticut.

B. Total Contract Not to Exceed.
If the Cost and Schedule of Payments section of page one indicates that this contract involves payment to the State Contracting Agency, the CONTRACTOR / CLIENT shall pay the COLLEGE a total sum not to exceed $10,000,000.00 for services performed or other agreements made under this contract.

C. Invoicing and Payment

(a) The College shall submit invoices to the Contractor / Client in accordance with the schedule below:

The payment schedule can be found in Section 1 – 6 of this agreement.

(b) Invoices shall, at a minimum, include the Contractor / Client name, the Contract Description and/or Identification Number, the billing period, and an itemization of services delivered or contract requirements met and amounts invoiced.

(c) Payment shall be made to the College at the address indicated in (a) above, within 30 days after receipt of properly executed and approved invoices.