

Contact: Aimee Claeys

**UNIVERSITY OF IOWA**  
**BOOKSTORE OPERATING AGREEMENT**

**Action Requested:** Authorize the University of Iowa to enter into an agreement with Follett Higher Education Group, Inc. for the operation of the University of Iowa Hawk Shop and University Bookstore (Bookstore) within the Iowa Memorial Union, upon such terms and conditions as are generally described in this memorandum.

**Executive Summary:** The University of Iowa issued a Request for Qualifications (RFQL) to identify an external supplier and industry expert to manage the day-to-day operations of the Iowa Hawk Shop and University Bookstore (Bookstore). The Bookstore was impacted significantly by the 2008 historic flood given its location on the ground floor of the Iowa Memorial Union. The Bookstore was relocated to the University Capitol Center until its return to the IMU in 2015. Partnering with a large national provider of college and university bookstore services enables the University to leverage an external supplier's expertise in the industry, provide more efficiencies, and enhance the services for the campus community. Increased financial resources allows the University to enhance the quality of student experiences and fulfill its strategic priority related to student success within an environment of limited financial resources. Follett was selected as the chosen operator based on the RFQL committee's recommendation, citing their response as providing the best financial terms, as well as the best response demonstrating their industry expertise, commitment to customer service, and commitment to current Bookstore staff.

The University of Iowa requests Board approval of the Bookstore Operating Agreement upon the following terms and conditions, and such other terms and conditions as are contained in the final Operating Agreement:

- *Operations.* The University shall contract with Follett for the operation of the Bookstore. The Operating Agreement contemplates that the Bookstore shall remain at its current location on the ground floor of the Iowa Memorial Union.
- *Term.* The Operating Agreement shall remain in effect for a period of five (5) years unless otherwise terminated in accordance with the terms of the Operating Agreement, with two options to renew for additional terms of five (5) years each.
- *Consideration.* Follett shall pay to the University a percentage of all gross sales, calculated on an annual basis and payable in monthly installments. Follett shall also provide an additional payment of \$250,000 for each five year term of the Operating Agreement, an annual utility payment of \$100,000 (subject to escalation), an annual payment of \$50,000 to support student life programs and initiatives, and an annual Bookstore credit of \$10,000 to support University library programs and initiatives.
- *Additional Terms and Conditions.* Follett shall acquire all sellable or rentable merchandise owned by the University as part of the University's operation of the Bookstore, and agrees to hire all current University Bookstore employees who choose to become employees of Follett. Follett shall operate the Bookstore in accordance with the highest standards and commercial practices in the college bookstore industry, subject to significant oversight by and coordination with the University. The University shall maintain the physical structure of the space in good repair and shall provide all utilities subject to Follett's obligation to pay the Utility fee.