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BOARD OF REGENTS

EASTERN MICHIGAN UNIVERSITY

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| SECTION: <u>26</u> |
| DATE: March 21, 2006 |

RECOMMENDATION

New Lease — Follett Higher Education Group

ACTION REQUESTED

It is recommended that the Board authorize the University to negotiate and sign a lease with Follett Higher Education Group within the parameters outlined below which will be brought back to the board for final review and approval at the Board's June 2006 meeting.

STAFF SUMMARY

In October 2005, the University released a Request for Proposal for the EMU Student Center Bookstore and received very competitive proposals. After an extensive review process, the bookstore selection committee, which included student leaders, Faculty Council representatives, staff, and academic administrators, unanimously recommended that Follett Higher Education Group be selected to build out and operate the new Eastern Michigan University Bookstore. Follett is the leader in the academic bookstore industry. Follett has 132 years of continuous college retail experience and currently operates more on-campus college and university bookstores (727 bookstores) than the other three national campus bookstore companies combined. Follett posted sales of over \$1.5 billion in 2004 and operates the largest college bookstore in the U.S. at the University of Notre Dame, which has over 70,000 square feet (sf) of selling space. Follett is committed to creating a vibrant, robust and unique retail environment in the EMU Student Center and will invest over \$840,000 in the build out and furnishing of the almost 13,000 sf store. The build out will include the bookstore as well as space for a computer store, to be managed by the University's ICT Department, and a coffee lounge area to be managed by a University selected coffee operator. The lease is for a five (5) year term commencing on July 1, 2006 and ending on June 30, 2011. By mutual written consent, the lease may extend for an additional five (5) year term. The lease provides for the annual rental payment to be a guaranteed minimum rental payment or a percentage of annual gross sales, whichever is greater. The EMU Student Center is expected to open in November 2006. The bookstore build out is expected to commence in July 2006.

FISCAL IMPLICATIONS

Based on annual gross sales of \$3,000,000.00, annual rent is projected at \$355,000.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date