

**BOOKSTORE OPERATING AGREEMENT BETWEEN
GRAND RAPIDS COMMUNITY COLLEGE
AND FOLLETT HIGHER EDUCATION GROUP, INC.**

This Bookstore Operating Agreement ("Agreement") is made as of April 26, 2018 between Grand Rapids Community College ("School") and Follett Higher Education Group, Inc. ("Follett").

Intending to be legally bound, School and Follett agree:

1. **Store.** Subject to all the terms and conditions in this Agreement, Follett shall operate a campus store located in the Student Community Center on the main campus and an online store ("Store") for School
2. **Term.** This Agreement takes effect July 1, 2018 and continues, unless sooner terminated in accordance with Section 3, until June 30, 2021. For the purpose of financial calculations and reporting, the "contract year" is defined as July to June. 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 two additional successive one-year renewal terms under the terms and conditions set forth in this Agreement.
3. **Early Termination.**
 - 3.1 Either party may terminate this Agreement with or without cause by giving the other party at least 120 days prior written notice of termination.
 - 3.2 Either party may terminate this Agreement upon 90 days prior written notice for material nonperformance by the other party, documented, in case of nonperformance by Follett, in accordance with Section 7.4.
 - 3.3 School may terminate this Agreement immediately if Follett initiates any bankruptcy proceeding, or if any such proceeding initiated against Follett remains undismissed for 60 days.
4. **Rights Upon Termination, Expiration or Non-Renewal.**
 - 4.1 Termination, expiration or non-renewal of this Agreement shall not affect any right of either party accrued prior to such termination, expiration or non-renewal.
 - 4.2 On any termination, expiration or non-renewal of this Agreement, or upon the relocation or closing of a Store location, School shall pay Follett the unamortized book value of all Store Remodeling (as defined in Section 5) paid by Follett as follows:
 - The Store Remodeling book value shall be calculated on the straight-line method, from the in-service date[s], over the greater of 7 years or until expiration of this Agreement.
 - 4.3 On any termination, expiration or non-renewal of this Agreement, School shall purchase, or cause to be purchased, the Store inventory then on hand under the following terms:

"Store Merchandise" will include all salable and rentable merchandise in the Store, including new textbooks, used textbooks, trade, reference and technical books, Rental Program inventory, and included Program inventory, whether in stock or rented, and general merchandise. School shall cause all such merchandise to be inventoried by an independent firm. Each party may observe the inventory if desired. Payment to Follett for Store Merchandise shall be made or caused to be made by School within 30 days after the completion of the inventory as follows:

 - a) New Textbooks
 1. New textbooks adopted for the next academic term in quantities not exceeding course requirements will be purchased at standard industry discounts or cost.

2. New textbooks not adopted for the next academic term, or adopted but in excess of course requirements, will be purchased at the current wholesale price.
- b) Used Textbooks
 1. Used textbooks adopted for the next academic term in quantities not exceeding course requirements will be purchased at 50% of the current retail selling price.
 2. Used textbooks not adopted for the next academic term, or adopted but in excess of course requirements, will be purchased at current wholesale price.
 - c) Trade, Reference and Technical Books ("Trade Books")
 1. Trade Books that have been purchased during the past academic year and are returnable to the publisher will be purchased at standard industry discounts or cost.
 2. Trade Books not meeting these requirements will be purchased at a price agreeable to School and Follett.
 - d) General Merchandise
 1. General merchandise traditionally sold in college bookstores, purchased in the past academic year, in salable condition, and not in excessive quantities, will be purchased at standard industry discounts or cost.
 2. General merchandise not meeting these requirements will be purchased at a price agreeable to School and Follett.

5. Store Improvements.

- 5.1 Follett has made various investments in the Store since it commenced operations pursuant to a prior agreement on July 1, 2015. These investments have been amortized and depreciated from the in-service date(s) in accordance with the previous agreement. The remaining book value of these prior investments (which the parties agree is **\$61,012** as of February 28, 2018) together with all replacements, additions, and extensions, and any other improvement furnished by Follett to the Store over the life of this contract, constitute "Store Remodeling."
- 5.2 Follett shall spend up to a total of **\$40,000** to improve the Store in accordance with this Section 5. This expenditure may include furniture, trade fixtures, and equipment, including point-of-sale equipment, that is readily removable ("Capital Equipment") and Follett and third-party design and project management services, third-party architectural and engineering services, cabling and infrastructure, floor and wall coverings, decorating, lighting, and fixtures that are not readily removable ("Store Remodeling"). Capital Equipment and Store Remodeling each include all replacements, additions and extensions paid for by Follett, whenever installed. The Capital Equipment and Store Remodeling together comprise the "Store Improvements."
- 5.3 Follett shall prepare complete plans and specifications for the Store Improvements for review and approval by School, and shall work closely with School to develop mutually acceptable plans ("Plans"). School shall have the final approval over all the Plans; provided, however, the cost of carrying out the Plans as approved by School shall not exceed the amount set forth in Section 5.1.
- 5.4 When School has given final approval to the Plans, Follett shall submit an installation and/or construction schedule to School for approval. School shall review and comment on the Plans and schedule in a reasonable time frame to allow the project completion date to be met.
- 5.5 The Store Improvements shall meet or exceed the requirements of the Americans with Disabilities Act ("ADA") and all other applicable codes, laws and regulations, and shall be in accordance with Follett's Design Intent documents.
- 5.6 All Capital Equipment purchased by Follett will remain the property of Follett.

6. General Rights and Responsibilities of Follett.

- 6.1 Follett shall operate the Store in accordance with the highest standards and commercial practices in the college bookstore industry. Follett will exercise good faith and due diligence to comply with applicable requirements of ADA in the Store retail space and the Store website, as well as all other applicable codes, laws and regulations. Follett personnel will be subject to and abide by applicable GRCC policies, including but not limited to GRCC's Sexual Misconduct policy provided GRCC provides Follett copies of such policies including updates and revisions thereto over the Term of this Agreement.
- 6.2 Follett shall operate the Store 12 months per year. The name of the Store shall not change. The Store's normal hours of operation and holiday closing schedule, shall be as approved in writing by School after consultation with Follett; hours of operation during registration periods, the first two weeks of classes, and all special campus events, shall be extended to coincide with demand.
- 6.3 Follett shall have the exclusive right, free from any alternate source endorsed, licensed or otherwise approved or supported by School (whether on campus, by catalog or through electronic commerce, including hyperlinks to alternate sources) to buy, sell, rent and distribute (including the right to select vendors) merchandise and services traditionally offered in college and university bookstores, including but not limited to, all required course materials (print and digital), class and alumni rings and jewelry, clothing (whether or not emblematic), school supplies, desk and dorm accessories, gifts, souvenirs, graduation announcements, diploma frames, 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 School during the term of this Agreement. This Section 6.3 does not prohibit the following:
- Occasional sales by student groups or student government organizations that do not materially impact Store sales;
 - Sale of apparel bearing the GRCC Athletic logo by the GRCC Athletic Department at Athletic Department sponsored events;
 - Sale of apparel bearing the Brew Pub logo by the Brew Pub at the Brew Pub location;
 - Does not restrict an individual student's ability to use financial aid funds to purchase required books and supplies at other venues;
 - The College from directly purchasing tools and materials to support students in tutoring labs and other venues, as well as student testing and placement products provided such tools and materials are not adopted course materials and are not offered for sale to students.
 - The ability of the School to purchase and retain for on-going use graduation caps and gowns from either Follett or an alternate source.
 - School promotion of free, open source textbooks
- 6.4 School grants Follett the right, subject to School's published standards, to use the School's seal, logotype, and associated trademarks and service marks on the Store's Internet site, signage and collateral materials, and stationery, soft goods, notebooks, pens, pencils, decals and other goods traditionally sold in college and university bookstores. School will not grant such right to any other online retailer or on-campus brick-and-mortar retailer during the term of this Agreement. If School changes its name, seal, or logotype with less than one year written notice to Follett prior to notice to the public, Follett may deduct from any commissions otherwise payable to School Follett's actual documented cost of all unsold emblematic merchandise on hand at the time of such change.
- 6.5 In order to secure property in the Store, Follett shall cooperate with School in providing Store security, theft prevention, and emergency procedures in case of fire or casualty. In cooperation with School Security, Follett shall create and maintain a Store security plan acceptable to School for textbook buyback, rush and other special events.

- 6.6 Follett shall not cause School's students, faculty, or staff suspected of theft or disturbance to be arrested by public authorities (except in emergencies) or prosecuted without prior consultation with School.
- 6.7 In its operation of the Store, Follett shall pay its bona fide financial obligations to School and to third parties in a timely manner.
- 6.8 Follett shall collect and pay any sales tax or similar tax on its retail sales, and applicable income taxes on its revenues. Follett shall not be responsible for property taxes on the Store facility or any other taxes not currently assessed.
- 6.9 Follett shall obtain and maintain at its sole expense, and in its name, all necessary licenses and permits required to perform the services described herein.
- 6.10 Follett shall abide, and require its employees to abide, by applicable School regulations and policies. School shall provide Follett with copies of applicable policies, and timely inform Follett of any changes.
- 6.11 Follett shall abide by all federal, state and local laws applicable to its operation.
- 6.12 It is the policy and practice of GRCC to provide equal educational and employment opportunities regardless of age, race, color, religion, marital status, sex/gender, pregnancy, sexual orientation, gender identity, gender expression, height, weight, national origin, disability, political affiliation, familial status, veteran status, or genetics in all programs, activities, services, employment and advancement including admission to, access to, treatment in, or compensation in employment as required by state and federal law. Follett agrees to abide with this policy.
- 6.13 Follett shall be responsible for any loss or damage to property owned by the School that is in Follett's possession or control or is caused by Follett or its employees or agents in the course and scope of their employment, except to the extent caused by the negligent or intentional acts or omissions of School, it's employees, or agents
- 6.14 Follett will make its corporate representatives reasonably available to School to discuss and resolve any operational issues.
- 6.15 Follett shall be responsible for daily cleaning of the Store interior, including provision of basic janitorial equipment and supplies, sweeping, dusting, and removal of light trash to School-provided receptacles.
- 6.16 Follett will offer School faculty and staff a 10% discount on all purchases over \$1.00, excluding textbooks, sale merchandise, computer hardware, and academically discounted software. Follett will offer all School departments a 20% discount on purchases of supplies over \$1.00, excluding textbooks, sale merchandise, computer hardware, and academically discounted software.
- 6.17 Follett will provide **\$20,000** annually in textbook scholarships for each full contract year during the term of this Agreement, in the form of gift cards or as an accounts receivable account. In the event there is a partial contract year, the payment will be prorated according to the contract year.

7. General Rights and Responsibilities of School.

- 7.1 School will provide and maintain an appropriate, safe and habitable location, in accordance with all applicable laws and regulations. School will make available to Follett all existing furniture, fixtures, equipment, shelving, lighting, flooring, plumbing, power and HVAC. School shall also keep the building in which the Store is located in compliance with all fire, building and electrical codes and regulations, including regulations governing fire alarms, smoke detectors, fire extinguishers, fire suppression and sprinkler systems, water pressure, plumbing and electrical service. School shall be responsible for any loss or costs resulting from failure to 1) maintain the

- building in safe and habitable condition and 2) to meet applicable building codes and regulations. School is responsible promptly for remedying any hazardous materials issues that arise during the Term. If the School relocates all or any part of the Store operations, School will provide Follett with at least 90 days advance notice of the relocation and will reimburse Follett, within 30 days after Follett's invoice, for Follett's cost of the relocation.
- 7.2 School will name a representative authorized to advise Follett of School's approvals, consents and instructions under this Agreement.
- 7.3 School may prohibit sale at the Store of any item it finds offensive or inappropriate.
- 7.4 If at any time School is dissatisfied with Follett's performance under this Agreement, School shall document the unsatisfactory performance and submit the documentation to Follett for immediate review and corrective action. School may require a review meeting to prepare the corrective action.
- 7.5 School shall provide the following services and support to the Store at no cost to Follett:
- a) Internal and external building maintenance, including, but not limited to: plumbing, electric, light bulbs, HVAC and other mechanical systems, fire protection, roof membrane and structure, floors, walls, ceilings, windows and doors in accordance with School's building standards;
 - b) Building standard utilities;
 - c) Pest control services on the regular School schedule;
 - d) Local telephone/data service including all equipment and lines (telephone toll charges to be charged to Follett at the same rate charged to School's departments);
 - e) Reasonable access to School's telecommunications and network systems as required to install, at Follett's sole expense, T1 lines and associated connectivity for Follett's point-of-sale systems;
 - f) Security of persons and property in the same manner provided for other School premises;
 - g) Lost and found service as regularly provided by School;
 - h) Parking for Follett's full time, non-student employees in common with other authorized parkers in a location approved and provided by School (Follett's employees must abide by all applicable parking regulations); and
 - i) Participation in any debit or credit card, voucher program, or other payment or financial aid service now or hereafter made available by School to its students or to local merchants.
- 7.6 The School will review and consider the adoption and installation of Follett Discover Shop in the SIS ("Student Information System") and Follett Discover Adopt and Access. If the College decides to install, it will make the products, readily accessible for the faculty adoption process, and student access to digital course materials. The decision to move forward with these products rests solely with the School.
- 7.7 School will require its faculty and staff to provide Follett with timely and accurate textbook adoption information.
- 7.8 Follett will extend credit to School for financial aid and departmental charge accounts in accordance with the terms set forth in Follett's standard credit application. School will furnish to Follett all required information and will pay all accounts within 30 days of invoice, or will pay applicable late charges as provided in the credit application. School will send all A/R payments directly to the bank via ACH, Wire Transfer or Lock Box. Follett may deduct past due A/R charges that are more than 120 days in arrears from School's commission payments as outlined in Section 10.
- 7.9 School commits to work in good faith with Follett to communicate and promote Store and Store website services and products available to the campus community. In addition, the School will:

- a) Provide key staff members of the Store a School .edu email address.
- b) Promote the faculty adoption process and deadlines on all related campuses via campus-based email system.

8. Bookstore Personnel.

- 8.1 Follett will furnish sufficient adequately trained personnel to provide efficient and courteous service to customers, including sufficient substitute personnel in case of employee absence. In addition, Follett will provide ongoing training in customer service and will formally recognize and reward employees who provide superior customer service.
- 8.2 Follett may conduct a pre-employment background check, as well as screening required by the School and/or state in which the Store is located. In the event adverse information is received as a result of the screening, Follett will manage the information received and the offer of employment in accordance with the Follett Background Check Policy. Follett reserves the right to rescind the offer of employment made prior to the screening.
- 8.3 School may participate in interviewing and evaluation of Follett's Store Manager should the need arise to fill the position. Follett's selection of the Store Manager is subject to School's approval.

9. Bookstore Stock and Sales.

- 9.1 In operating the Store, Follett will charge industry standard, competitive and fair prices, which, at present, are as follows:
 - a) On new textbooks, trade books, coursepacks, text "packages," "kits," "sets," and "bundles," not more than the publishers' list price, or a 25% gross margin (cost divided by .75) on net price books and list price books sold to Follett at less than a 25% discount off list and rounded up to the next quarter.
 - b) On ebooks and other digital content, when Follett determines the end-user price, not more than the publishers' list price, or a 25% gross margin (cost divided by .75) on net price content, and when the publisher determines the end-user price and Follett acts as agent, Follett will use the publisher price.
 - c) On used books, including cloth, paperback and others, not more than 75% of the new textbook selling prices rounded up to the next quarter.
 - d) On rental books, Follett will be setting rental fees for each title, and any given title's fee may vary as a percentage of the retail selling price.
 - e) On general merchandise, not more than the normal gross profit margin for similar merchandise in the college bookstore industry.
- 9.2 Follett will offer its Price Match Program ("PMP") to School. The PMP includes textbooks (new, used and rental) that are currently in-stock at the Store as well as at competing retailers, but excludes digital books. The following terms and conditions apply:
 - a) The student brings their original receipt and/or the advertisement for the better price to the Store within seven days of their original purchase.
 - b) The book must be in stock at the Store and with the retailer advertising the lower price. Retailers only include: a local bookstore, Amazon (excluding its Marketplace) or Barnes & Noble and excludes peer-to-peer marketplaces and online aggregator sites.
 - c) The lower priced item must match the exact book and edition purchased or rented, including accompanying CDs, online access codes, student manuals, etc.
 - d) Once verified, the Store associate calculates the difference and issues a Store gift card to the student.
 - e) The PMP and its terms and conditions are subject to change over the term of this Agreement at Follett's discretion.
- 9.3 Follett will expeditiously process text requests placed after the adoption deadline.

- 9.4 Follett will purchase used textbooks year round. Follett will purchase textbooks adopted for the next academic term in quantities sufficient to meet course requirements at not less than 50% of the student's purchase price rounded to the nearest quarter. Follett will purchase used books not adopted for the next academic term or in excess of course requirements at wholesale prices prevailing in School's locality rounded to the nearest quarter.
- 9.5 Follett will accept returns in accordance with the following policies:
- a) Non-textbook items in resalable condition may be refunded or exchanged at any time with original receipt.
 - b) Textbooks in resalable condition may be refunded with receipt within seven (7) calendar days from the start of classes or within two (2) days of purchase thereafter, including during summer term.
 - c) Textbooks purchased during the last week of classes or during exams may be sold back under the book buyback policy.
 - d) Computer software may be returned if it is unopened and shrink-wrapped.
 - e) In addition, upon proof of drop/add, Follett will accept textbook returns from students who have dropped a course up to thirty (30) days from the start of classes or until the end of the official drop/add period, whichever comes first.
- 9.6 In operating the Store, Follett shall accept as a minimum, MasterCard, Visa, Discover and American Express charge cards. Follett will pay all merchant charges associated with acceptance of these credit cards.

10. Commission.

- 10.1 Follett shall pay commission to the School in an annual amount equal to the sum of:

10.00% of all Commissionable Sales up to **\$3,000,000**; plus
11.00% of any part of Commissionable Sales over **\$3,000,000**, but less than **\$5,000,000**; plus
12.00% of any part of Commissionable Sales over **\$5,000,000**.

Commissionable Sales is defined as all recognized revenue (in compliance with generally accepted accounting principles) generated through the Store or the Store website, less voids, refunds, sales tax, campus debit card fees, discounted sales to authorized School faculty, staff, departments and others as may be mutually agreed to under this Agreement, Follett-funded scholarships, handling fees associated with non-return of rental textbooks, pass-through income and merchandise sales at less than an inherent 20% margin (i.e., computer hardware and software).

- 10.2 If annual gross sales of the Store shall materially decline more than five percent (5%) from the previous contract year as a result of declining enrollment, public legislation, other conflicting campus contracts, material changes in school policies or the business model of the industry, such as digital books, sales directly from the publisher, or other reasons outside of Follett's control, the School and Follett agree to negotiate in good faith an appropriate adjustment in the payments set forth above.
- 10.3 Follett will keep complete and accurate records of all Store transactions in accordance with industry accounting practices and will provide a statement of Store gross revenue to School monthly for the preceding period. Follett will preserve records of Store operations for three years from the transaction date, and will make those records necessary to measuring contract compliance available for review, audit and verification by School at the Store upon request on reasonable advance notice during ordinary business hours other than during Store "rush" periods.

- 10.4 Follett shall pay the commission calculated in accordance with Section 10.1 quarterly, twenty days after the end of the quarter. Any other payment required to be made by Follett to School under this Agreement shall be made within thirty days of receipt of invoice.

Follett will process commission payments by sending ACH transfers (Direct Deposit) in lieu of paper checks.

On the day the ACH payment is made, the School's designated recipient will receive an email informing the School thereof. A csv file (that can be opened in Excel) will be attached to the email that will contain the remit information with the document numbers that were paid (similar to the check remittance advice). Please note that this is not a wire transfer. The process takes approximately 7-10 business days to process once the necessary form is completed by the School and submitted to Follett's Accounts Payable department.

11. Bookstore Rentals.

- 11.1 Follett will provide a proprietary course material rental program ("Rental Program") via individual rental agreements with students ("Student Rental Agreements"). Rental pricing will be determined by Follett. Two types of textbooks will be eligible for adoption in the rental program:

The "National Title List" Textbook. Follett will offer a National Textbook Rental Title List of the textbooks available for rental, which will be updated periodically by Follett (the "National Title List").

The "Local Program" Textbook. School may select books not on the National Title List to be part of the Rental Program provided School agrees to continue to adopt the specific book(s) for at least four (4) consecutive semesters. In the event School fails to consistently comply with meeting the four (4) consecutive similar-sized semesters commitment in the aggregate, Follett at its sole discretion may eliminate the Local Program.

- 11.2 School will support the Rental Program as follows: Successor in Interest - On any termination, expiration or non-renewal of this Agreement, Student Rental Agreements will be assigned to School or successor store operator. Where rented textbooks have not been returned, where no charge has been made to the credit or debit card held as security therein, or where some other loss occurs under a Student Rental Agreement, School will look solely to the student.

12. includED Program. Should the parties agree to adopt and initiate the includED program ("Program" or "includED Program"), the following terms and provisions of this Section will apply.

- 12.1 Program Scope and Implementation. The parties will agree at the outset of each Fall, Spring and Summer academic term ("Academic Term") which students or courses are automatically part of the includED Program. School will provide Follett with the student data necessary to administer the Program through an integration between Follett and School's SIS. School will fully support the immediate deployment of the critical *ConnectOnce* virtual appliance in order to provide a secure environment for the Connector for School's SIS version and integration method. School will be responsible for the collection of includED Fees ("Fees") from students and any other applicable charges from students, including without limitation non-return or damage charges.

- 12.2 Adoptions. includED Program course material adoptions will continue to be the responsibility of School and its faculty, under the School's direction. Course material requests for the Program placed after the adoption deadline may result in the materials being excluded from the Program during the corresponding Academic Term. Follett will work with School to set adoption guidelines to be used by faculty that respect the academic integrity and freedom of the faculty but strive to keep the includED Fees low.

- 12.3 Fees. Future Fees will be determined by Follett for each semester of an Academic Term based on the course material format options and types that are agreed upon by the parties. If School

accepts the Fee, School will record and collect the appropriate Fee in a timely manner for each student enrolled in a class participating in the Program during the corresponding Academic Term.

- 12.4 Fee Waiver and Refunds. Follett will waive or refund fees for fee-exempt or refund-eligible students consistent with School policies.
- 12.5 Invoice. At least sixty (60) days before start of any Academic Term, School will notify Follett of the final class drop date ("Drop Date"). Follett shall invoice School for includedED Fees as follows: Follett will provide an estimated invoice for the Term after seven (7) days of the start of class date for the respective Term. School shall pay Follett ninety percent (90%) of the estimated invoice balance within fourteen (14) days of receiving the estimated invoice. In addition, Follett shall provide a final invoice, including the respective student's name and the student's course materials within sixty (60) days after the Drop Date for each Term. School shall pay Follett the includedED Fees within thirty (30) days after receipt of such final invoice that accurately reflects includedED student enrollment. In the event School has not paid Follett within either of the periods specified, Follett reserves the right to withhold commission payments until Follett receives such includedED Fees. Unreturned and damaged items: Follett shall invoice School with detailed data including student name and the course materials within sixty (60) days after the drop/add date or end of term date for unreturned or damaged items. School is fully responsible for collecting such fees from students. School shall pay Follett within thirty (30) days after receipt of the final invoice.
- 12.6 If there are any disputed items, the payment will be made less line items in dispute. Disputed charges will be discussed by the parties in a timely manner, and any outstanding charges agreed to by the parties as a result of such discussions will be re-billed within thirty (30) days of such resolution. Follett reserves the right to withhold commission payments until Fees are received.
- 12.7 Format Options and Types. Material formats and Program types vary depending upon the titles adopted by faculty and the Program options selected (e.g., physical or digital, purchase or rental, etc.). School and Follett will mutually agree to Program options and types each term. Once determined by the parties, the students will not have an option to choose materials or material format.
 - a) includedED Rental Programs: Two types of rental textbooks will be eligible for adoption in the includedED Program:
 - i. The "National Title List" Textbook. Follett will offer a National includedED Title List of the textbooks available for the program, which will be updated periodically by Follett (the "National Title List").
 - ii. The "Local Program" Textbook. School may select books not on the National Title List to be part of the includedED rental Program provided School agrees to continue to adopt the specific book(s) for at least four (4) similar-sized semesters over a two (2) year period. In the event School fails to consistently comply with meeting the four (4) similar-sized semester commitment in the aggregate, Follett at its sole discretion may eliminate the Local Program and/or institute a surcharge to the School.
 - b) Continuing usage of the same edition of a book after the initial four (4) semesters will not extend the commitment period. If a title changes edition before the four (4) term commitment has been met and Follett is unable to obtain sufficient copies to meet the course need, Follett will work with the School on a case-by-case basis to determine best option. Other scenarios will be handled on a case-by-case basis.
 - c) Physical textbooks for courses that are not offered with reasonable frequency (Special Topics and Limited Offering courses) cannot be offered as a rental title in the includedED Program unless they are on the National Title List. Reasonable frequency is defined as a course being offered no less often than every other semester. The commitment period of such books shall be four (4) years. *Exception:* If a book for such a course were to be used in another course

with comparable enrollment that is offered in different semesters and the two (2) courses combined meet the frequency criteria, then the book may be brought in as an included Program book tied to both courses.

- d) Students are responsible for picking up, taking good care of, and returning their textbooks to the Store each term. Textbooks must be checked-in by a specific date each term. Books that are brought back to the Store in a damaged state shall not be accepted back. Such damages shall include, but are not limited to: Any water damage, torn and missing pages or covers and defacement of pictures, graphs, charts or text. The Store management is the final arbiter of the damage to a textbook. Reasonable highlighting and taking of notes in the book margins shall not be considered defacement. Books refused as damaged will result in the application of additional charges. If the textbook has defects such as missing pages, water damage or torn covers, the student must exchange the book within three (3) days of the date received. After that time, the student assumes the liability for the textbook's condition. If the textbooks are lost or stolen, the School is still liable for the replacement cost.
 - e) Failure by the student to check-in included books by the published due date shall result in the application of additional charges. If the student drops a course they must return the book immediately so the book is available for the student who takes their place in the course. If the student is taking a continuation course that requires the same book, if they are repeating a course, or if they have an incomplete to finish, they must still return the book to the Store by the due date of the semester for the original course or the School will be charged for the book. All parts of any textbook packages must be returned with the textbook. This includes CDs, supplemental reading, etc.
 - f) Additional charges shall consist solely of the retail used selling price of the textbook that is either lost or damaged or not checked-in. These charges shall not deduct any portion of the included Fees that were paid. Prior to the last day to check-in books, the student may pay the replacement costs of their lost or damaged book to Follett who will then note the student's book as "checked-in" in the rental computer system. After the last day to check-in books, payment to the Store shall be the responsibility of the School who shall then hold sole responsibility for collecting said Fees from the student.
- 12.8 Tax. If School does not provide a tax exemption certificate to Follett, included Fees are deemed subject to sales tax or similar tax, and School shall be responsible for such taxes.
- 12.9 Inventory on Termination. included materials, as defined per Academic Term, will be included as part of any inventory that School must purchase, or require a third party to purchase, on termination of the Agreement.
- 12.10 Gross Revenue and Commissions. For the purpose of calculating commissions, the revenue recognized from included Program Fees are included in the Commissionable Sales calculations, as are replacement costs collected for physical materials that are not returned. Any processing fees are not included.

13. Insurance.

- 13.1 During the term of this Agreement, Follett shall keep in force, at its own expense, at least the following insurance, all in accordance with this Section:
- a) Commercial General Liability having a combined single limit of not less than \$1,000,000 per occurrence covering premises and operations, contractual liability and products/completed operations;
 - b) Business Automobile Liability having a combined single limit of not less than \$1,000,000 per occurrence covering claims arising out of ownership, maintenance, or use of owned or non-owned automobiles;

- c) Worker's Compensation insurance having limits not less than those required by applicable statute;
 - d) Employer's Liability in the amount of at least \$1,000,000; and
 - e) Excess or Umbrella Liability in the amount of at least \$3,000,000.
- 13.2 School, its affiliates, officers, directors, trustees, volunteers, and employees shall be named as additional insureds by blanket endorsement under the Commercial General Liability policy upon the School's written request.
- 13.3 Follett shall furnish industry standard Certificate[s] of Liability Insurance to School showing the coverage required by this Section within 30 days after execution of this Agreement or before Follett takes possession of the Store, whichever is earlier. The Certificate[s] shall provide that, should any of the above policies be cancelled before the expiration date thereof, notice will be delivered in accordance with policy provisions.
- 13.4 School will notify Follett of any flood plain zoning changes affecting the Store within 30 days of receiving notice of such change from any source.
- 13.5 If School causes any work to be performed by a third party on the building housing the Store, then School will provide Follett an industry standard Certificate of Liability Insurance from the third party's insurance company(ies) for Commercial General Liability and Business Automobile Liability, with combined single limits of at least \$1,000,000 per occurrence on each. Follett shall be an additional insured under the third party's Commercial General Liability policy.

14. Indemnification.

- 14.1 Follett shall defend, indemnify and hold harmless School, its Board of Trustees, affiliates, officers and employees from any and all claims, suits, actions, damages, judgments, and costs (including reasonable attorney fees), arising out of any: (i) damage, destruction or loss of any property (including but not limited to School's property); or (ii) injury to or death of any person (including but not limited to any employee of School); which results from or arises out of negligent or willful acts or omissions of Follett, its officers, agents and employees, in the performance of this Agreement.
- 14.2 To the extent permitted by applicable law, School shall defend, indemnify and hold harmless Follett, its affiliates, directors, officers and employees from any and all claims, suits, actions, damages, judgments, and costs (including reasonable attorney fees) arising out of any: (i) damage, destruction or loss of any property (including but not limited to Follett's property); or (ii) injury to or death of any person (including but not limited to any employee of Follett); which results from or arises out of negligent or willful acts or omissions of School, its officers, agents or employees, in the performance of this Agreement.

15. Independent Contractor Status. The relationship of the parties is that of independent contractors, and no tenancy, partnership, joint venture, agency, fiduciary or other relationship is created. Neither party may order any goods nor services, incur any indebtedness, or enter into any obligation or commitment on the other party's behalf.

16. Nonassignability. Neither party may assign or sublet this Agreement in whole or in part without the prior written consent of the other party, except that either party may assign this Agreement in its entirety to an affiliate that controls, is controlled by or is under common control with such party. This Agreement is made for the exclusive benefit of the parties, and no benefit to any third party is intended.

17. Notice. Notices required or permitted by this Agreement shall be deemed given when received if sent by recognized overnight courier or first class mail, postage prepaid, to the following address, or such other address as the party may specify by notice:

To School:

To Follett:

Lisa Freiburger
Vice President for Finance and Administration
Grand Rapids Community College
146 Bostwick Avenue, NE
Grand Rapids, MI 49503

Clay Wahl
President
Follett Higher Education Group
3 Westbrook Corporate Center, Suite 200
Westchester, Illinois 60154

With a copy to:
Follett Corporation
3 Westbrook Corporate Center, Suite 200
Westchester, Illinois 60154
Attn: General Counsel

18. **Severability.** If any provision of this Agreement is finally adjudicated illegal, invalid, in excess of the authority of either party hereto, or otherwise unenforceable, then such provision shall be severed, and the remainder of this Agreement shall remain in force as if such adjudicated provision were never included in this Agreement.
19. **Integrated Agreement.** This Agreement: (a) is the sole expression of the understanding of the parties with respect to operation of the Store, (b) supersedes all prior statements and agreements with respect thereto, and (c) may not be modified, amended or waived except in writing signed by an authorized representative of the party against whom such modification, amendment or waiver is sought to be enforced.
20. **Confidential Information.** As part of the Follett Discover program, Follett will have access to confidential information held by School, including specific "non-public" information, the safeguarding of which is governed in part by the provisions of the Family Education Rights and Privacy Act (FERPA) and other federal and state laws. This information includes biographic and financial information obtained from a student or parent in the process of providing educational services. Biographical and financial information includes, but is not limited to: name, shipping and email addresses, phone numbers and student IDs, and if applicable, financial aid information. School represents that it has the right to provide Follett with access to such information for the purposes hereof.

Follett agrees to maintain the confidentiality of such information as mandated by applicable state and federal laws and Exhibit A attached hereto using the measures Follett uses to protect its own information of like character, but in each case with at least a reasonable standard of care, and to only access such information for the explicit business purposes of the Follett Discover program, including providing the services contemplated thereunder. Follett will return or destroy all confidential information it receives from School upon completion of the Follett Discover program.

Follett further acknowledges that any uncured material breach of the confidentiality obligations set forth above will be considered a material breach of the Follett Discover program, at which time School may terminate the Follett Discover program by providing at least 30 days prior written notice of termination to Follett. (For purposes of clarity, any such breach or termination shall not affect or permit School to terminate the Bookstore Operating Agreement [BOA] or any other contract between the parties or their respective affiliates.)

21. **Counterpart Execution.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Agreement. The counterparts of this Agreement may be executed and delivered by facsimile or other electronic means by any of the parties to any other party and the receiving party may rely on the receipt of such document so executed and delivered by facsimile or other electronic means as if the original had been received.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective authorized representatives as of the date first written above.

**FOLLETT HIGHER EDUCATION
GROUP, INC.**

GRAND RAPIDS COMMUNITY COLLEGE

By: _____

By: *Lisa Freiburger*

Name: Clay Wahl

Name: Lisa Freiburger

Title: President

Title: Vice President for Finance and Administration

Date: _____

Date: 4/26/18

Exhibit A

The following terms and conditions are incorporated into and form a part of the agreement to which they are attached (the "Agreement").

"Confidential Student Information" is defined as information that is personally identifiable to a student, who is or was enrolled at School, by any of the following means: the student's name, the name of the student's parent or other family members; the address of the student or student's family; a personal identifier, such as an identification number or biometric record; other indirect identifiers, including but not limited to the student's date of birth, place of birth, and mother's maiden name; or any other information that, alone or in combination, is linked or linkable to a specific student that would allow a reasonable person in the school community to identify the student with reasonable certainty and includes information supplied to Follett by School as well as any information provided by School's students and third parties to Follett.

Follett acknowledges that this Agreement allows Follett access to certain Confidential Student Information, and that access to and disclosure of Confidential Student Information is restricted by School policy and federal law, namely the Family Educational Rights and Privacy Act ("FERPA").

Follett agrees to hold Confidential Student Information in strict confidence. Follett shall not use or disclose Confidential Student Information received from or on behalf of School (or its students) except as permitted or required by this Agreement, as required by law, or as otherwise authorized in writing by School. Follett agrees not to use Confidential Student Information for any purpose other than the purpose for which the disclosure was made. Follett agrees that only Follett's employees (and in limited cases, subcontractors) who have a legitimate business need in performing this Agreement will have access to the Confidential Student Information. In any circumstance where a subcontractor is provided access to the Confidential Student Information, Follett will ensure that: (a) there is a legitimate business need for such access being shared and (b) the Subcontractor is under an obligation of confidentiality on the information provided.

Upon termination, cancellation, expiration or other conclusion of the Agreement, Follett shall return all Confidential Student Information to School within thirty (30) days or, if return is not feasible, destroy any and all Confidential Student Information. Twenty (20) days before destruction of any Confidential Student Information, Follett will provide School with written notice of Follett's intent to destroy Confidential Student Information. Within seven (7) days after destruction, Follett will confirm to School in writing the destruction of Confidential Student Information.

Follett agrees that Follett is under the direct review of School with respect to the use and maintenance of Confidential Student Information. If School reasonably determines in good faith that Follett has breached any of its confidentiality obligations under this Agreement or has violated FERPA, School, in its sole discretion, shall have the right to require Follett to submit to a plan of monitoring and reporting; provide Follett with a fifteen (15) day period to cure the breach; or terminate the Agreement immediately. Before exercising any of these options, School shall provide written notice to Follett describing the violation and the action it intends to take.

Follett shall develop, implement, maintain and use appropriate administrative, technical and physical security measures to preserve the confidentiality, integrity and availability of all electronically maintained or transmitted Confidential Student Information received from, or on behalf of School or its students. These measures will be extended by contract to all subcontractors that have access or control of the Confidential Student Information used by Follett.

Follett shall, within one day of discovery, report to School any use or disclosure of Confidential Student Information not authorized by this Agreement or in writing by School. Follett's report shall identify: (i) the nature of the unauthorized use or disclosure, (ii) the Confidential Student Information used or disclosed, (iii) who made the unauthorized use or received the unauthorized disclosure, (iv) what Follett has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure, and (v) what corrective action Follett has taken or shall take to prevent future similar unauthorized use or disclosure. Follett shall provide such other information, including a written report, as reasonably requested by School.

Follett shall defend and hold School harmless from all claims, liabilities, damages, or judgments involving a third party, including School's costs and attorney fees, which arise as a result of Follett's failure to meet or breach of any of its obligations under this Agreement.

The restrictions and obligations under this Section [or Addendum] will survive expiration or termination of this Agreement for any reason.