From: Mary K. Sartwell <mary.sartwell@liquor.state.nh.us>
Sent: Wednesday, November 21, 2012 8:39 AM
To: Joseph W. Mollica; Michael R. Milligan; Richard Gerrish; Craig W. Bulkley; John D. Bunnell; Stephen J. Judge; Scott Lyons (EXEL CA); Lynn S Anderson (Exel US)
Cc: Anne Bogart
Subject: Warehouse Services Contract Award Press Coverage
Attachments: Union Leader, 11.21.12_Warehouse.pdf

Press coverage to date:

Industry News Update (below)
Union Leader (attached)
Nashua Telegraph http://www.nashuatelegraph.com/news/984561-469/nashua-warehouse-loses-out-to-national-chain.html

Mary K. Sartwell
Director of Advertising
New Hampshire Liquor Commission
Telephone: 603-230-7087
LiquorandWineOutlets.com
facebook.com/nhliquorwine
twitter.com/nhliquorwine

From: Mark Brown [mailto:mbrown@buffalotrace.com]
Sent: Wednesday, November 21, 2012 4:55 AM
To: Mary K. Sartwell
Subject: Industry News Update

Just wanted to take a minute to wish everyone a very happy and safe Thanksgiving holiday!!

Drug Bust Reveals Meth Now Being Disguised as Liquor

Source: ABC News
By COLLEEN CURRY
Nov. 20, 2012

A drug bust on one of California's most popular trafficking routes this week turned up liquid drugs disguised in liquor bottles, a new trend police are trying to combat.

On Monday, California Highway Patrol officers found 15 Mexican-brand tequila bottles that were actually filled with 56 pounds of liquid methamphetamine. The bust came during a drug stop on the heavily-trafficked Interstate 5 in Fresno County.

According to the California Highway Patrol, Mexican drug cartels have began manufacturing drugs in liquid form to send north into the United States and Canada, shipping the drugs disguised in liquor bottles.

The Highway Patrol found the drugs after pulling over a vehicle driven by Rene Diaz, 22, and Veronica Carrasco, 38, both of Oregon, on Monday afternoon. According to spokesman Matt Radke, the officer noticed the drivers "acting nervously," and used his drug sniffing K9 to search the vehicle.

Radke noted that officers commonly travel with K9s on Interstate 5 because of its prominence as a drug trafficking route through the US from Mexico to Canada.

"This is a new trend of transportation from Mexico to the States," Radke said.

The amount of methamphetamine seized is estimated to be worth more than half a million dollars, he said.

"At this level of amount, it is going to be distributed all over the place. Once it gets to the final form, the powdered form, it's going to be disseminated throughout the country," he told ABC News affiliate KFSN.

Diaz and Carrasco originated from Southern California for their trip and told officers they were heading to Oregon. The bottles, he noted, had labels that were completely in Spanish.

The pair was charged with federal drug trafficking and attempting to traffic across state lines and are being held in Fresno County jail.

\------

REMY COINTREAU : François Hériard Dubreuil Appointed Chairman of Rémy Cointreau

Source: 4 Traders
11/20/2012

The Board of Directors of Rémy Cointreau (Paris:RCO) has, today, appointed M. François Hériard Dubreuil as Chairman of the Board of Directors.

As announced at the AGM on 26 July 2012, Mme Dominique Hériard Dubreuil confirmed her intention to relinquish her Chairmanship of Rémy Cointreau at the end of 2012. She will, however, remain a Board member of Rémy Cointreau, Chairman of E. Rémy Martin & Cie and of Cointreau.

M. François Hériard Dubreuil stated: "I would like to thank the Board for the trust it has placed in me, which demonstrates and reaffirms the family's involvement in the continued implementation of the Group's development strategy".

François Hériard Dubreuil

François Hériard Dubreuil was Chairman of the Rémy Martin Group from 1984-1990, Chief Executive of the Rémy Cointreau Group from 1990-2000, and Chairman of the Supervisory Board of Rémy Cointreau from 2000-2004. He is Chairman of the Management Board of Andromède (the family holding company), and Chief Executive of several subsidiaries, including Orpar, Rémy Cointreau's holding company. He has also been Vice-Chairman of Dynasty Wines (Tianjin) since 1980.

New Hampshire: NEW HAMPSHIRE LIQUOR COMMISSION AWARDS TWENTY-YEAR WAREHOUSE SERVICES CONTRACT TO EXEL INC.

New Facility in Bow Will Begin Shipping in November of 2013

Source: NHLC
Nov 20th

The New Hampshire Liquor Commission (NHLC) announced today that the twenty-year warehouse services contract has been awarded to Exel Inc. (Exel). The contract term of twenty years was established to allow for vendor financing and to attract world-class bidders, local, national and international. The new contract, which goes into effect in November of 2013, is expected to result in significant savings to the New Hampshire Liquor Commission, its business partners and consumers.

"This contract award is a significant milestone in enhancing the service and revenue we provide to the State of New Hampshire," stated NHLC Chairman Joseph Mollica. "The efficiencies and service advances provided by Exel will substantially upgrade our operations and bolster our competitive advantage."

Compared to the rates in the current contract, in the first thirty months of the new contract, the NHLC projects approximately $3 million in savings as a result of reduced costs. The projection for business partners and consumers is approximately $4 million in savings during this same period of time.

Exel is based in Westerville, Ohio, and is a recognized world leader in contract logistics and supply chain management. Exel provides supply chain design, consulting, warehousing, fulfillment, and transportation services to help companies be more productive, more efficient and more competitive. Exel has established itself as the country's leading logistics provider through work for clients that include some of the largest and most successful retail and consumer goods companies.

As the new warehouse services provider, Exel will now move forward with improvement plans which include a new warehouse site, state-of-the-art systems, and a building designed specifically for the needs of the NHLC and its customers. The new warehouse will be located in Bow and is scheduled to begin shipping on November 1, 2013. The 50,000 square foot warehouse on Storrs Street in Concord owned by the NHLC will remain in service. In total, the warehouse system will store, manage, and distribute over 10,000 individual SKUs of wines and spirits.

"We are excited about this opportunity to bring our experience and expertise to the warehousing services of the New Hampshire Liquor Commission," said Fred Takavitz, Senior Vice President, Exel. "We look forward to further enhancing the success of these operations, which in turn ensures the success of the service and revenue provided to the State of New Hampshire by the NHLC."

Exel was selected from five vendors that submitted proposals. All five vendors proposed a new warehouse site, emphasizing a smooth transition as an important requirement. The evaluation criteria included considerations such as vendor experience, pricing, financial stability, transition, information systems, service and innovation. The bid process was intensive and required the vendors to make competitive adjustments in order to stay in contention. At the conclusion of a thorough decision process, the Commission unanimously agreed that Exel provided the best overall solution.

The NHLC acknowledges with gratitude its long-term working relationship with Law Warehouses.

INU Editor Note: Additional information
Exel is part of the SUPPLY CHAIN division of Deutsche Post DHL, the world's leading logistics group, with more than 300,000 employees in more than 220 countries and territories around the world and 2009 annual revenues of more than 46 billion euros.

http://www.exel.com/exel/index.jsp

Connect Logistics Services Inc. www.connect-logistics.com/ Large third party logistics company in Canada. Specializes in handling alcohol and spirits. A subsidiary of Exel Logistics.

Global Beer: The Road to Monopoly

Source: Corporate Crime Reporter
November 20th, 2012

Will the unthinkable happen?

A merger of the world's top two beer companies into a gargantuan monopoly?

And if a megamerger does materialize between the two giant multinational companies - ABInBev - parent of Anheuser-Busch - and SABMiller Ltd. - parent of MillerCoors and MolsonCoors - will antitrust authorities allow it to happen?

Those are two questions posed by a report released last week by the American Antitrust Institute (AAI).

The report - Global Beer: The Road to Monopoly - was written by Bernard Ascher.

Ascher is an economist who retired from the Office of the U.S. Trade Representative after 42 years of government service. He's now an AAI research fellow.

Right now, the U.S. beer market is a duopoly, with ABInBev and SABMiller together controlling 80 percent of the U.S. market.

Together they control about a third of the global market.

Is it possible that the unthinkable could happen - a merger of the world's two top brewing companies into a global monopoly - or at least a virtual monopoly?

Ascher concludes that it's "conceivable," despite the fact that, as noted by a TV reporter in St. Louis, a combination of Anheuser-Busch InBev and SABMiller "would be like a merger of Catholics and Protestants."

Ascher says that "rumors continue to fly about a potential deal and speculation has reached the stage where bankers and analysts are reported to have considered some possible divestitures that would have to be made to satisfy antitrust authorities."

If this acquisition were to happen, how would U.S. antitrust authorities react? In response, Ascher poses more questions.

Ascher cites a Reuters report quoting a"the banker who worked for one of the big brewers" who believes that ABInBev (or SABMiller) would have to divest $13 billion of holdings "to get around antitrust issues in the U.S. and China."

To satisfy U.S. authorities, the banker further concludes that this would involve a spin-off of MillerCoors, probably to MolsonCoors.

"Has the banker conferred with U.S. antitrust officials?" Ascher asks. "Why is there another assumption that Chinese officials will require some divestiture? Has the banker met with Chinese antitrust officials? There is more here than meets the eye."

"These calculations suggest that there is a limit to the market share that U.S. antitrust officials permit for a single company," Ascher says. "Presumably, the 'banker' believes that authorities can tolerate an 80 percent market share for a duopoly, but perhaps not for a single entity. Is there an implicit limit based on market share? Would this be a departure from the current DOJ-FTC merger guidelines? Could the contemplated transaction bring about 'economic efficiencies' that will meet requirements of the current guidelines - regardless of the level of industry concentration?"

While the duopoly and possible merger may be good for the beer companies, it's bad for consumers.

"In the event of a big merger or acquisition, it is likely that the new giant brewer would not pass along any cost savings to consumers," Ascher concludes.

"It is more likely that it would raise prices, especially when costs of ingredients rise. Consumers will face higher prices. Since the mergers of 2008, both ABInBev and SABMiller have benefitted from higher beer prices with revenues more than needed to cover increased costs of inputs. Increases in profits, dividend payouts, and the image of greater market power have rewarded the corporations with higher stock values. From a consumer standpoint, however, the transactions have resulted in no benefits, but rather in higher prices."

Sanford C. Bernstein Reaffirms Market Perform Rating on Pernod Ricard SA (RI)

Source: Daily Political
by Latisha Jones
November 20th, 2012

Pernod Ricard SA (EPA: RI)'s stock had its "market perform" rating reaffirmed by research analysts at Sanford C. Bernstein in a report released on Tuesday. They currently have a $121.79 (?95) target price on the stock.

Pernod Ricard SA traded up 2.00% on Tuesday, hitting ?85.01. Pernod Ricard SA has a 1-year low of ?63.77 and a 1-year high of ?91.11. The company has a market cap of ?22.401 billion and a price-to-earnings ratio of 19.29.

A number of other firms have also recently commented on RI. Analysts at RBC Capital upgraded shares of Pernod Ricard SA to an "outperform" rating in a research note to investors on Tuesday, November 13th. They now have a $115.19 price target on the stock. Separately, analysts at CIC Securities reiterated a "hold" rating on shares of Pernod Ricard SA in a research note to investors on Monday, November 12th. They now have a $105.06 price target on the stock. Finally, analysts at AlphaValue reiterated a "reduce" rating on shares of Pernod Ricard SA in a research note to investors on Thursday, November 1st. They now have a $114.94 price target on the stock.

Beer is Favorite Alcohol Category Overall But Spirits Winning Among Women and Age 21-27, Study Shows

Source: Consumer Edge Insight
Nov 20th

A recent survey of alcohol consumer behaviors in the United States showed that while beer may be by far the most popular alcoholic beverage category in terms of per capita consumption, what consumers name as their favorite category of alcoholic beverage is different from actual consumption, and consumers' favorite category varies significantly across different demographic groups.

Overall, 39% of alcohol consumers name beer as their favorite category, followed by spirits at 31%, wine at 25%, flavored malt beverages at 4%, and alcoholic cider at 1%. This compares to beer/cider/flavored malt beverages capturing 53% of servings of alcohol in the US in 2011, spirits capturing 31% and wine 16% on an equivalent -servings basis (according to industry data analyzed by Consumer Edge Research).

There is a wide gender gap when it comes to alcoholic beverage preferences, according to the Consumer Edge Insight survey. Among all men, beer is by far their favorite alcoholic beverage with 50%, while 29% name spirits. 17% name wine, 3% name flavored malt beverages and 1% name cider. Among women, wine grabs the number one spot with 36% naming it as their favorite, followed closely by spirits with 33%. Beer falls into a distant third-place among women with 24%, followed by flavored malt beverages with 9% and cider with 1%.

Younger alcoholic beverage drinkers have very different preferences than older people. For 21-27 year olds, a key target for many alcoholic beverage producers, spirits beats beer as the favorite by a narrow margin, 36% to 34%, with wine at 19%, flavored malt beverages at 9% and cider at 3%. Beer is the most preferred category among 28-34 and 35-54 year olds, by 46% and 44% respectively, by a wide margin over spirits and wine in those age groups. But for people age 55 and older. their preferences show a three-way tie with wine, spirits and beer each being named by about 33%.

Looking at different racial and ethnic groups, Caucasians favor beer over other categories by a wider margin, with 35% naming beer as their favorite, followed by spirits (30%), wine (26%), and flavored malt beverages (4%). Hispanics like beer and spirits about equally, 34% and 33% respectively, while 27% name wine and 5% name flavored malt beverages. African-Americans also like beer and spirits equally, 35% for each, with 20% naming wine and 7% naming flavored malt beverages.

"While beer is still the most-consumed and is the favorite alcoholic beverage of the most people, there are reasons for brewers to worry." said David Decker, President, Consumer Edge Insight. "The sizable gender gap in preferences is not new, but is a key issue that needs to be addressed. And the bad news is that young adults age 21-27 are more likely to prefer spirits to beer. The fast-growing Hispanic group also has a less strong preference for beer. Targeting these groups with relevant marketing and product innovation will be critical for the beer category to maintain its consumption advantage. And the high number of people who name wine as their favorite alcoholic beverage category suggests that category is likely to continue to grow"

ABOUT ALCOHOLIC BEVERAGE DEMANDTRACKER
Alcoholic Beverage DemandTracker provides an in-depth analysis of the key economic and attitudinal factors impacting alcoholic beverage demand. Data for the most recent wave of Alcoholic Beverage DemandTracker was collected in June via an online survey of over 2,500 US consumers, age 21 and over, designed and weighted to be representative of the US adult alcohol-drinking population. Some of the topics addressed include drivers of change in alcohol category consumption, the impact of economic factors and secular trends on overall alcohol consumption and by category, channel behaviors, ways to increase category consumption, and numerous brand metrics. The research covers the beer, spirits, wine, cider, and flavored-malt beverage categories including the largest brands in each category.

To learn more, call David Decker at (203) 504-7558 or send an email to ddecker@consumeredgeinsight.com

------

Redhook reaches settlement in worker's death (Excerpt)

Source: Fosters.com
By Jim Haddadin
Wednesday, November 21, 2012

Federal workplace safety officials have agreed to lower the combined $63,500 in fines against Redhook Ale Brewery in Portsmouth after reaching a settlement with the owner regarding a fatal keg explosion in April.

Ben Harris, a 26-year-old brewery worker, was killed when a plastic keg he was cleaning with pressurized air exploded, striking him in the head and chest.

OSHA concluded the brewery was at fault in the death because its equipment for emptying kegs was operating at a pressure that exceeded the maximum threshold recommended by the manufacturer of the plastic keg.

http://www.fosters.com/apps/pbcs.dll/article?AID=/20121121/GJNEWS_01/121129786/-1/FOSNEWS

Resources Needed for Teens

Source: Campaign for a Healthy Alcohol Marketplace
by Pamela S. Erickson
Nov 20th

Several years ago, I worked with a group of high school kids that had "alcohol and drug problems." They met twice a week as a group with an alcohol and drug counselor at a local high school. This was one of the saddest and most inspiring experiences of my life. Most of these kids came from chaotic homes with drug or alcohol addicted family members. They were nice kids, eager to do something positive, and grateful that someone would pay attention to them. Very few had ever been to any sort of treatment facility or program for youth. Several spent part of their year homeless or "couch surfing." There were simply no facilities or programs for these youth. They generally believed that no one really cared about them.

How did this happen? Probably no one thought youth as young as 12 would become addicted. We probably didn't see that kids would start drinking in middle school. And, we probably didn't think girls would become addicted at rates higher than boys.

According to the Substance Abuse and Mental Health Services Administration, more than 1.16 million adolescents needed but did not receive treatment for drug problems and more than 1.3 million needed but did not receive treatment for alcohol problems. Alcohol continues to be our kids' drug of choice and unmet needs for treatment were higher for females.

Our culture glorifies alcohol (and sometimes drug) use. As one of the students said to me, "TV makes alcohol seem fun and glamorous, but I was in a dark place every day that I was addicted."

Given our budget problems, the chances of a whole new series of treatment programs are probably slim, but there is a program that offers hope for kids in a very cost-effective way. It's called Teen Addiction Anonymous.

Teen AA is a unique program, created by teens for teens. In 2003, a group of high school students voiced an interest in designing a 12-step program for teens. Many of these students had attended adult AA programs, but wanted a program specifically for them. Thus, a teen version of AA came into being.

In order to operate in public venues such as schools, some changes were made: The 12 steps were edited by concentrating on the words "Higher Power, as I define it" and changing the word "prayer" to "pledge." In 2009, for the first and only time, Alcoholics Anonymous World Services approved Teen AA's "new" 12 Steps. Teen AA now operates in several Arizona high schools and the Arizona Juvenile Corrections facility.

The program trains adult facilitators and two attend each meeting. Data collected for the program indicates that participants improve in behavior, attendance, graduation rates and overall success. For information about the program, go to their website www.teenaddictionanonymous.org.

Certainly we need more programs for youth with addiction problems, but the best answer is prevention. We need to continue to do all we can to prevent our kids from drinking or doing drugs in the first place. Public health officials provide good advice about the policies that work: a good alcohol regulatory system, effective parent action and good community resources. After all, our kids are our future.

Youth Involvement

I strongly recommend that prevention advocates and local coalition members develop prevention projects that involve working with youth. The picture featured in this email came from such a project. The kids in this picture developed a campaign designed to reduce drinking in their high school. They used a "social norms" survey of students to determine how many kids were drinkers. Then, they developed an information campaign designed to inform students that, in reality, most kids don't drink. And, they asked everyone to suggest ways they could help reduce destructive drinking patterns. It was one of the cleverest, most impressive information campaigns I have ever seen.

Kids will really amaze you if you give them a chance!

Hospices critics hail 'impressive' Burgundy 2012

Source: Decanter
by Panos Kakaviatos in Beaune
Tuesday 20 November 2012

Experts who tasted the 43 wines from the recently harvested 2012 vintage - later auctioned at the Hospices de Beaune - were surprised at the high quality of the wines, in spite of bad weather conditions that lead to one of the smallest harvests ever.

The number of Hospices auction lots represented the smallest amount for 25 years, according to Roland Masse, manager at the Domaine Hospices de Beaune - a reflection of decreased volumes overall in the region.

The Burgundy Wine Council (BIVB), for example, reported 25% lower volumes in the Côte de Nuits as compared to last year. Hail-hit vineyards of the Côte de Beaune led to 40-50% lower volumes.

Although spring and early summer were bad - with rain at bud break, mildew and oidium and hail in the Côte de Beaune - a fine late summer and continued good weather through to the harvest led to a small, if excellent quality of grapes, according to winemakers like Philippe Prost at Bouchard Pere & Fils. '2012 has the potential to be a great vintage, particularly for red wines.'

According to Masse, the few grapes that remained proved concentrated, with good acidity and good degrees. 'Less grapes in bunches allowed for a cleaner harvest, especially with windy, dry weather leading up to the harvest, so that in the end, we did not have grey rot,' Masse emphasized.

Although at a very early phase - samples had not yet undergone malolactic fermentation - the aromas, concentration levels and overall purity pleased many experienced palates.

'After such a freakish year, I thought the wines would be unwieldy, but there was a lot of balance and concentration, and the wines were, for the most part, very clean,' Neil Beckett, editor of World of Fine Wine, said

'My general impression is that the wines are impressive with fine concentration and precision,' Michael Apstein of the American journal Wine Review Online said.

Australian blogger and Burgundy expert Greg Love said 2012 is 'an exciting vintage' with wines exuding 'energy and structure as well as fruit for the most part.'

Observers also note that prices are likely to go up because of increasing demand for Burgundy in most markets, coupled with low stocks.

Priced-out Bordeaux fans shop elsewhere

Source: the drinks business
by Gabriel Savage
20th November, 2012

UK fine wine lovers are abandoning Bordeaux in favour of other regions, as high prices and a run of good European vintages encourage them to seek alternatives.

"If you put wines in front of people that are interesting and good enough, they're more willing to try it than 10 years ago", Giles Burke-Gaffney, buying director at Justerini & Brooks told the drinks business. "These things catch on more quickly than they used to."

As a sign of this widening fine wine focus, Burke-Gaffney revealed that "Burgundy, Rhône and Italy sales are booming", with Burgundy in particular "bigger than ever before".

Presenting a combination of factors contributing to this shift, he remarked: "07 and 08 in Barolo were great vintages - there's lots of noise so people want to see what all the fuss is about - but it also shows a broadening out of people's horizons; they're being pushed into areas they'd never considered."

Presenting the UK-based merchant's 2011 Rhône en primeur offer, Burke-Gaffney was upbeat about the quality, without expressing too much concern that the vintage had failed to receive the same critical acclaim as 2010 and 2009.

"We sort of need a vintage like this to be able to offer customers something that's drinking well now", he commented, highlighting particular demand for these styles among J&B's restaurant clientele.

This early-drinking appeal is particularly true of the Southern Rhône in 2011, whose wines, Burke-Gaffney suggested, "will be drinking nicely in two to five years time."

Summarising 2011 in the south as "a very fruity, easy vintage to taste", he added: "The wines are very balanced - the alcohols are not ridiculously high as they can be in 'great' vintages."

As for the Northern Rhône, Burke-Gaffney was even more complimentary, describing it as "a really lovely vintage, but with more substance than the south. It will be reasonably early drinking as well."

Vinexpo 2013 dates confirmed

Source: Drinks International
By Lucy Britner
19 November, 2012

The 17th Vinexpo exhibition is to be held from 16-20 June 2013 at the Bordeaux Lake Exhibition Centre.

Exhibitors at the 2011 exhibition represented 47 countries and according to organisers, similar attendance is anticipated for 2013.

NZ winemakers toast brighter outlook

Source: The Australian
Lucy Craymer
November 21

NEW Zealand's wine industry has news worth toasting: an oversupply of grapes that tainted the country's reputation as a maker of premium wines has peaked.

New Zealand's wine grape harvest for the 2012 season was 18 per cent lower on year due to cool weather. This has combined with a shortage of grapes in California and increasing consumption of wines in Asia, particularly China, to boost demand.

"The smaller vintage is having a significant impact on our supply demand equation in the industry," said New Zealand Wine chief executive Philip Gregan. "Grape grower and wineries are looking more positively to the future than they have been for a little while. It's certainly not all doom and gloom."

The industry has struggled since a bumper grape crop in 2008, coupled with an exponential rise in the number of vineyards in the country, flooded the global market with bulk New Zealand wine. The surplus created opportunities for global competitors such as UK supermarket chains to bottle wine under their own labels and undercut the previously exclusive New Zealand brand.

Over the past four years, however, the industry has consolidated with a number of takeovers in the sector and several wineries being shut down. These include the decision by French liquor company Pernod Ricard to sell 12 brands to Lion and close its Napier Winery.

The average price of New Zealand wine fell in the year to June 30 as bulk wine rose to around 35 per cent of the country's wine exports. But there are indications that the smaller harvest in 2013 will see bulk wine exports fall. Furthermore, New Zealand wine is not being exported in bulk to the growing Chinese market so the returns are much better with the average price $NZ11.47 per litre in 2012.

Asia is an increasing focus for local wineries, with New Zealand Wine opening an office in Hong Kong last month to grow the market further.

"Our outlook is great because we have emerging markets in Asia where the demand is growing quite rapidly," said Terry Peabody, owner and founder of Craggy Range in New Zealand. "With New Zealand wines really coming into favour internationally we can command the price we want if the quality is there."

As the New Zealand wine market comes back into favour, international players are moving to take advantage of demand for local wines; French company Compagnie Vinicole Baron Edmond de Rothschild Winemakers is the latest offshore company to buy land with the intention of establishing an "ultra-premium" single estate wine brand.

ASX-listed Treasury Wine Estates purchased the remainder of its New Zealand joint venture with a plan to increase grapes crushed at its winery by 66 per cent, while the California-based company Foley Family Wines earlier in the year took an 80 per cent stake in New Zealand Wine Co to increase its exposure to the market.

"I have an advantage over a lot of the small wineries. that we have US distribution. The normal New Zealand wine company doesn't have that. I basically have created demand for the Vavasour and Clifford Bay wines and this year we will hit about 75,000 cases (in US sales for both brands) where 2.5 years ago it was zero," said Foley Family Wines founder William P. Foley.

CHRISTIE'S HOSTS TWO ONLINE-ONLY AUCTIONS THIS THANKSGIVING SEASON

. Multiples By Matisse From The Matisse Family Collections
. The Magnificent Cellar of Charlie Trotter's (Part II)

Source: Christie's
Nov 20th

New York - Thanks to its industry-leading e-commerce capabilities, global auction house Christie's is getting an early start to Cyber Monday, the annual online holiday shopping ritual, when Americans begin their quest to find the perfect holiday gift online. Starting today, shoppers can log on to Christies.com to browse and bid in two new online-only auctions running from now to December 4.

For the art-lover in your life, Christie's presents the Online-Only sale of Multiples by Matisse from the Matisse Family Collections. The selection comprises 96 lots that represent a fascinating cross-section of the artist's graphic oeuvre, including drypoints and etchings from his early career through to large-scale lithographs and aquatints from his later years. All of the works are sourced directly from the artist's family - an impeccable provenance. New collectors as well as established connoisseurs will find a range of techniques, styles and subjects, as well as a wide range of starting estimates, from $1,000 up to $50,000. This collection's approachable pricing, along with the added convenience of online browsing and bidding, makes this an ideal sale for those interested in starting their own art collection or looking for the perfect holiday gift.

For wine-lovers, Christie's online-only auction of wines from The Magnificent Cellar of Charlie Trotter's offers more than 440 lots of fine and rare wines from Burgundy, Bordeaux, Rhone Valley, Napa Valley and beyond. Lovingly collected over 25 years by Chef Charlie Trotter and his award-winning sommeliers, this collection ranks among the most anticipated and celebrated restaurant cellar collections ever offered at auction. The auction of Part One of the cellar on November 16 totaled $918,000, with nearly every bottle sold. This second and final installment features many more rare treasures, including a 2-bottle lot of 1945 Chateau Haut-Brion, 6 bottles of 1999 Perrier-Jouet La Fleur, and a magnum of cult favorite 2000 Sassicaia. Estimates start as low at $50 and range up to $5,000, making this an exceptional opportunity to bring home truly magnificent wines with the added imprimatur of Chef Trotter's legendary, five-star wine cellar.

For both of these sales, all browsing and bidding is done online, with the click of a mouse. Registration is open to anyone, anywhere in the world, and all payment is by credit card within 48 hours of the sale close on December 4. A variety of shipping options and timeframes are available.

To browse the sales and register to bid, please visit:
Multiples by Matisse at Christie's: http://www.multiplesbymatisse.com
The Magnificent Cellar of Charlie Trotter's, Part II:
http://www.christies.com/signaturecellars

Digital Innovation at Christie's
As a 246-year old company, Christie's has proven itself adept at embracing innovation while preserving its core business model. In July 2006, Christie's was the first international auction house to give clients worldwide access to bidding in its saleroom over the Internet, via Christie's LIVE™; by 2007 the system was available across all Christie's salerooms worldwide. Since then, Christie's has continued to invest in digital assets, leading to the redesign of Christies.com in April 2008, the launch of Christie's iPhone and iPad apps in 2009 and 2010, and the introduction of our first online-only auction in 2011.

Domaine de la Romanee-Conti Dominates Again as Acker Merrall Kicks off Holiday Auction Season

Source: EON
Nov 19th

$4.1 Million & over 98% Sold During November NYC Auction at Ciano
Huge December Hong Kong Auction Next on the Acker Merrall Calendar
Over US$8 million will be offered December 6-8 at the Grand Hyatt Hong Kong
Superlots of DRC Assorted Cases, La Tache, Haut-Brion, Margaux, Yquem, Screaming Eagle plus rare magnums of 1978 Henri Jayer Cros Parantoux

Domaine de la Romanee-Conti, the legendary Burgundy estate, continued to grab the lion's share of collectors' attention globally during a unique Wednesday night auction session in Manhattan. When the final hammer came down late night at the great Manhattan restaurant Ciano, buyers from Asia, South America, the US and Europe had collectively made DRC the star of the evening. Sixteen of the auction's top twenty-five lots were from DRC. Of those twenty-five, all but two were from the estate's famed monopole vineyards, Romanee-Conti and La Tache.

"Our Wednesday night auction in NYC put another emphatic stamp on the ascendancy of DRC during 2012 as the king of collectible wines, in particular Romanee-Conti and La Tache as the sought after wines for collectors around the world"

The 2002 Romanee-Conti snared the auction's two top lots, as collectors competed to buy two rare, large formats. Three magnums of the 2002 Romanee-Conti led the sale with the winning bidder paying $61,500. A very rare jeroboam (3 liters) of the 2002 brought $43,050, a world record for a jeroboam. This is the only time during 2012 that this wine, in this format, has been offered at auction worldwide. The same is true for the auction's fourth highest selling lot, another very rare jeroboam of Romanee-Conti from the much smaller 2003 vintage, which was also a world record. A collector paid $36,900 for this highly collectible jeroboam when the bidding was all said and done.

Bordeaux shone too during the night at Ciano. Seven of the auction's top twenty-five lots were from that great region in France, represented by the famous estates of Lafite, Latour, Mouton and Petrus. A twelve bottle original wood case of the renowned 1982 Lafite was the third highest selling lot at $36,900. Three magnums of the great 1998 Petrus fetched $19,680.

Notable among the auction's top 25 lots was a twelve-bottle case of a legendary California cabernet. Anyone who has tasted the great 1974 Heitz Cellars Martha's Vineyard knows it fully justifies its reputation. The case sold for $18,450. Older California cabernets continue to be sought after at auction, a trend that emerged quickly after the summer auction break.

Just a few weeks away, on December 6, 7 and 8 at Grissini in the Grand Hyatt Hong Kong, Acker Merrall will hold its final 2012 Hong Kong auction, an auction that could be the company's largest of the entire year. The list of incredible lots are headlined by a single lot of eight assorted cases from DRC, a 19 vintage vertical of La Tache, a 10 magnum lot of Screaming Eagle, huge verticals of Chateaux Haut-Brion, Margaux and Yquem plus three very rare magnums of Henri Jayer's legendary 1978 Vosne-Romanee Cros Parantoux as well as a case of Leroy's rare and magnificent 1962 Musigny. And these only scratch the surface of what will be a phenomenal three days in Hong Kong. A three days that will include the finest assortment of Italian wines ever to be offered in Hong Kong, including the first ever direct consignment from the cellars of Gaja. For a catalog please download one from www.ackerasia.com.

"Our Wednesday night auction in NYC put another emphatic stamp on the ascendancy of DRC during 2012 as the king of collectible wines, in particular Romanee-Conti and La Tache as the sought after wines for collectors around the world," said Acker Merrall & Condit's CEO, John Kapon. "Next we are off to finish 2012 in Hong Kong. It's going to be a great three days. As a wine lover I haven't been this excited since the Don Stott auction in November 2011. It's a great catalog with incredible wines and tons of Burgundy and exceptional wines from Italy, the best collection of Italian wines to be offered at auction in Hong Kong, led by the first direct consignment from the cellars of Angelo Gaja. Of course, Bordeaux will be well represented as well, but this sale is about as A to Z as we have seen in HK. We are going to say thank you to our collectors and friends in Hong Kong for a great 2012 in our usual over the top Acker Merrall way."

Grapes (and raisins) of wrath: Supreme Court may hear farm program cases

Source: Kansas City Star
By Michael Doyle
Nov 20th

Supreme Court justices on Tuesday will chew over several challenges to farm programs filed by disgruntled California raisin and table grape growers.

One case to be considered behind closed doors Tuesday touches on the state-run California Table Grape Commission. The other challenges a federal raisin-marketing order. In both cases, justices will decide whether the appeals of lower court decisions merit full-bore consideration next year.

In both cases, the legal questions seem arcane, while the consequences affect the real world. They represent the latest fronts in a long-running dispute between farmers who like programs that promote collective action and those who prefer to go their own way.

"These programs were created in a different era," said Steffen Johnson, a lawyer who wrote a brief in support of some dissident raisin farmers, "and frankly, it was an era when farmers didn't have access to international markets."

The grape commission case started with plant patents developed by federal scientists and subsequently licensed to the Fresno-based commission. The legal question now is whether the U.S. Agriculture Department can be sued.

The raisin case began when Fresno-area farmers challenged the authority of a government program that requires them to set aside part of their crop in reserve. The pressing legal questions now include when and how individuals can pursue claims against the government.

"The question is very important," Johnson said. "If you're going to require giving these crops to the government, you're going to have to pay for it."

At least four justices must agree for the court to accept any case, and most petitions are rejected without comment. At first blush, the cases lack the sizzle of others that will be considered Tuesday. These include Idaho's refusal to allow the insanity defense in criminal trials and the sentencing of a convicted Texas murderer.

But for farmers, they could have long-term consequences. At their core are several dozen marketing orders at the state and federal level, which began during the New Deal as a way to manage fluctuations in farm supplies and prices. The programs cover crops that range from California almonds to Washington state potatoes.

The raisin marketing order requires "handlers" who process and pack raisins to place part of their product in reserve, with an industry committee to decide how much they're to be paid for this set-aside tonnage. Raisin handlers set aside 47 percent of their crop during the 2002-03 season and 30 percent for 2003-04, but they were paid for only part of what they gave up.

"The federal government, without providing the just compensation required by the Fifth Amendment, extracts title to a hefty portion of a farmer's annual raisin crop as a condition for giving the farmer permission to sell the remainder of his crop on the market," attorney Michael W. McConnell, a former federal appellate judge, wrote in a brief for Fresno-area farmers Marvin and Laura Horne.

Unhappy with the raisin program, the Hornes and others formed what the Obama administration termed a "scheme" ostensibly to exempt themselves from the set-aside requirement. The Agriculture Department subsequently ordered the Hornes and their coalition to pay more than $650,000 in fees and penalties.

In a brief defending the department, Solicitor General Donald Verrilli wrote that the farmers "identify no reason why the imposition of a civil penalty and other assessments for noncompliance with a regulatory scheme constitutes a taking of property without just compensation."

Many growers, moreover, support the marketing order as good for the raisin industry, which the 9th U.S. Circuit Court of Appeals noted last year "has long been an important one in California."

The appellate court rejected the Hornes' challenge, saying farmers were regulated only after they "voluntarily chose to send their raisins into the stream of interstate commerce."

By contrast, a lower appellate court sided with dissident farmers who are challenging the California Table Grape Commission over different issues.

Grape grower Dan Gerawan joined Delano Farms and others in disputing patents licensed to the table grape commission. Gerawan, whose prior farm program challenges have reached the Supreme Court as well, and other dissidents say the three varieties of grapes already had been put into public use before being patented. The legal question is whether the Agriculture Department has sovereign immunity from the lawsuit challenging the patents.

"Only this court can resolve this matter and bring clarity to this important area of the law," Randolph D. Moss, a former assistant attorney general, wrote on behalf of the grape commission.

Carrefour exits Indonesian business

Source: FT
By Scheherazade Daneshkhu in Paris
Nov 20th

Carrefour is to sell its business in Indonesia for ?525m ($673m), marking the fifth exit from an overseas market under Georges Plassat, new chief executive, as the world's second-biggest retailer by sales reduces debt and reinvests in its core markets in Europe, China and South America.

The Paris-based retailer said on Tuesday it had agreed to sell its 60 per cent stake in its Indonesian business - its second-biggest in Asia after China by number of stores - to its joint venture partner CT Corp, the banking, media and retail conglomerate controlled by Chairul Tanjung, the Indonesian businessman.

Under the agreement, CT Corp will take full control and Carrefour will become a franchisee - similar to the deal Carrefour struck earlier this year in its exit from Greece.

The Indonesian chain is the third-largest in the country with 84 shops, of which 70 are hypermarkets.

The ?525m headline price for Carrefour's stake comprises ?500m equity and ?25m net cash, giving the entire business an enterprise value of ?830m, which analysts at Espirito Santo bank said was 13 per cent higher than their ?732m estimate.

"Georges Plassat is rapidly delivering on his strategy to exit businesses that others see more value in," said Caroline Gulliver of Espirito Santo, who estimated that Carrefour's net debt would fall to around ?6bn in 2013, down 30 per cent on the group's 2011 net debt of ?9.2bn.

The news could presage an agreement in Turkey, where Carrefour is in negotiations with its minority local partner Sabanci Holding, which holds 38.8 per cent of the Turkish unit against 58.2 per cent held by Carrefour.

The group's Polish operations are also under the spotlight, where eight retailers have roughly the same market share, putting pressure on profitability.

Since becoming chairman and chief executive in May, Mr Plassat has sold out of Malaysia, Colombia and Greece and closed its small business in Singapore, raising ?2.6bn to date, including the Indonesia sale. But he has expanded the group's operations in Argentina, where it is market leader, through acquisition.

The sales are part of a three-year turnround plan needed to remedy what Mr Plassat has diagnosed as a "serious illness" at the underperforming retailer.

He has put the need to defend the group's key markets in Europe, Brazil and China at the centre of his strategy and his progress is being closely watched by Colony Capital, the US private equity group and Groupe Arnault, headed by luxury goods tycoon Bernard Arnault, which between them own 16 per cent of the equity.

The activist shareholders are sitting on large paper losses, having originally invested in 2007, when the shares traded at around ?50 a share.

The shares were one of the few risers in a downbeat French stock market, trading 2 per cent higher mid-morning at ?18.45.

Enterprise Inns focuses on paying debts

Source: FT
By Roger Blitz, Leisure Industries Correspondent
Nov 20th

Selling more beer is not as relevant to the financial health of Enterprise Inns as paying off its debt, the pub group's chief executive suggested after posting a fall in pre-tax profit for 2012.

Enterprise Inns faced a period of "flat calm" during which the focus of the tenanted pub group had to continue to be on its long-term financing structure, Ted Tuppen said.

Net debt continues to be the biggest challenge for the group, which has 5,900 pubs on its estate. But its cash generation helped to reduce net debt by £266m to £2.7bn, and Mr Tuppen pointed at a 21 per cent rise in the average price of its bonds in the 12 months to September as evidence of the group's relative stability.

Mr Tuppen said there was "a sentimental importance" attached to like-for-like sales, but added that they were relatively immaterial. "Compared to the impact of paying off debt, "being 1 per cent up or down is a bit at the margins", he said.

"Realistically, the most important thing to create value for shareholders is to simply pay down our debt."

In terms of next year, Mr Tuppen said: "There is nothing in the economy that is going to set trading alight. It will be a period of flat calm."

Pre-tax profit fell from £157m last year to £137m, and like-for-like net income was down 1.1 per cent, compared to a fall of 4.3 per cent in 2011. However, in the 81 per cent of its pubs where publicans had been in occupation for at least a year, net income growth was up 2.2 per cent.

Of the three big events of the year, the weather damped hopes of strong trading from the diamond jubilee while Euro 2012 trading was largely flat. As for the Olympics, the stay-at-home factor dragged beer volume sales down by 8 per cent on a like-for-like basis.

Revenues were £692m compared to £711m the previous year. Pre-exceptional earnings before interest, tax, depreciation and amortisation were down more than 7 per cent to £340m. No dividend was paid.

Enterprise disposed of 301 pubs, raising £208m, in the period. It said 199 of these pubs were unsustainable. It said it would pare down the size of its estate to 5,200 over the next three years and spend £180m on improving the estate's quality. Its shares closed up 0.75 per cent at 67.25p.

Ruby Tuesday names JJ Buettgen CEO

Buettgen resigned from his position as SVP and chief marketing officer at Darden to take the role

Source: NRN
Erin Dostal
Nov. 19, 2012

James J. "JJ" Buettgen has stepped down from his position as senior vice president and chief marketing officer at Darden Restaurants, Inc. to become president and chief executive officer at Ruby Tuesday, Inc.

The resignation is effective immediately, and he will begin his new position on Dec. 1. Buettgen will replace company founder Sandy Beall, who announced his retirement from Ruby Tuesday in June.

During his time at Darden, which operates more than 2,000 company-owned causal dining restaurants, Buettgen had also served as senior vice president of business development and as president of Smokey Bones Barbeque & Grill.

Ruby Tuesday chief people officer Rob LeBoeuf said Buettgen's history with Darden was partly what made him a strong candidate for the chief executive position. He added that Buettgen's experience as a chief marketing officer was also a plus, and that it made him a "natural pick" for the position. "In the environment that we're in today, it's really important that you're able to market; it's a share game," LeBoeuf noted. "It's important to have an organization that's really able to drive sales."

Ruby Tuesday first began its search for a new chief executive in July, LeBoeuf said. Since then, he noted, the company had looked at several different candidates. "It was a good, sound process," he said.

Matt Drapkin, Ruby Tuesday's lead director who was appointed chairman of the board, effective Dec. 1, said he believes Buettgen's experience at Darden will make him an asset to the company. "We have tremendous opportunity ahead of us and JJ's strategic thinking and brand marketing experience.will be very valuable," he said in a statement.

Today, Orlando-based Darden released a statement announcing Buettgen's resignation. "We understand and respect JJ's desire to lead an organization and we wish him well in his new endeavor," said Drew Madsen, Darden's president and chief operating officer, in the statement.

Darden has not yet named a new chief marketing officer.

Worldwide, Ruby Tuesday operates 712 company-owned restaurants and franchises 78 units. The company is based in Maryville, Tenn.

New Mexico: Total Wine to open two ABQ locations

Source: New Mexico Business Weekly
by Steve Ginsberg
Tuesday, November 20, 2012

Total Wine & More is coming to New Mexico with two Albuquerque superstores.

Leases have been signed for locations at Uptown's former Morgan Stanley location at 6701 Uptown Blvd and at Cottonwood Corners in the former Borders book store space.

The Maryland-based chain's vice president of real estate, Phillip Armstrong, confirmed the openings and anticipates both stores will be in open by the middle of next year. He said two stores in the Duke City would be enough.

The chain is on a national rollout and currently has 84 stores in 11 states. A typical store features 3,000 different spirits, including 2,500 varieties of beer, with unusual microbrews and hard-to-find niche labels. The company broke $1 billion in sales in 2011 after 20 years in business.

Geltmore LLC, owner of the former Morgan Stanley space, confirmed a 24,000-square-foot Total Wine store would open by next April. Geltmore's Silverman family sought a high-profile retailer to replace Morgan Stanley for nearly a year, and competed with shopping centers throughout the Duke City to land Total Wine.

Iowa: Inaugural Symposium 21 Success

Source: IABD
Nov 20th

Last week the Iowa Alcoholic Beverages Commission (Commission) in conjunction with the Iowa Alcoholic Beverages Division (ABD) hosted Symposium 21: From Production to Consumption in Sioux City, Iowa.

"The intent was to bring together policy makers, industry professionals, local authorities and prevention experts for a discussion on the role of the three-tier regulatory framework in the alcohol marketplace," said ABD Administrator Stephen Larson. "With 120 people in attendance, the first annual symposium was a great success."

The symposium featured panels both from Iowa's alcohol industry and experts from around the country. Iowa Assistant Attorney General John Lundquist summarized the three-tier system that requires that alcohol manufacturers only sell to wholesalers who may exclusively sell to retailers. Only retailers may sell alcoholic beverages to consumers.

Bob Wersen, owner of Tassle Ridge Winery in Leighton, Iowa, spoke of Iowa's long history of wine making. Iowa was the sixth largest grape producing state prior to national alcohol prohibition and today has nearly 100 licensed wineries contributing $234 million annually to Iowa's economy.

City officials from Sioux City, Iowa City, Waterloo and Des Moines shared the opportunities and challenges experienced by their communities. Regulating in a climate of deregulation, as well as Washington State's recent alcohol deregulation, were covered by multiple national presenters.

One panel discussed the role of alcohol regulations in protecting public health, safety and welfare. National prevention experts examined the effectiveness of the checks and balances established by the three-tier system to prevent business practices that threaten tier independence, promote responsible use and protect the public.

The final panel had a roundtable discussion on today's onslaught of innovative new products, online marketing and evolving business models that are blurring the lines between the tiers and product categories. These emerging trends in the beverage alcohol industry are impacting the three-tier system.

"The Commission plans to make Symposium 21 an annual event that will travel to different parts of Iowa each year," said Commission Chair Jim Clayton. "It is very important that stakeholders and policy makers have the opportunity for open, informative and frank discussion as individual state control of alcohol regulation is under scrutiny around the nation."

Symposium 21's name references the 21st Amendment, which repealed national Prohibition, the 21st century and the 21-year-old legal drinking age. The word symposium is from ancient Greek times when people would gather for drinks and discussion following a banquet.

Detailed agenda, speaker biographies and materials are available at Symposium21.com and IowaABD.com.

Scotland: Clampdown on alcohol tax fraud imminent

Source: OLN
By Nigel Huddleston
20 November, 2012

HMRC has set up a taskforce to tackle tax fraud in the alcohol industry in Scotland.

It said the move was hoping to recover around £4 million.

The force will visit traders to check records and carry out other investigations, and is one of 30 set up by HMRC in various business sectors since May of last year.

Danny Alexander, chief secretary to the Treasury, said: "It is just not fair that while Most people in Scotland are paying the right tax, a tiny minority are not paying what they should.

"We will not tolerate tax evasion and will crack down on the minority who choose to break the rules."

Taskforces are specialist teams that undertake intensive bursts of activity in targeted trade sectors and locations deemed by HMRC to be high risk.

Contract awarded for liquor warehouse

By MARK HAYWARD
New Hampshire Union Leader

The New Hampshire Liquor Commission announced Tuesday that it has awarded a 20-year contract to an Ohio company to build and operate a warehouse in Bow.

In a statement, the Liquor Commission said Exel Inc. of Westerville, Ohio, beat out five other bidders, including Law Warehouses, which currently provides warehousing for the Liquor Commission out of facilities in Nashua. Law's operation will continue until November 2013, when Exel will take over from the Bow location.

"This contract award is a significant milestone in enhancing the service and revenue we provide to the state of New Hampshire," Commission Chairman Joseph Mollica said in prepared remarks. "The efficiencies and service advances provided by Exel will substantially upgrade our operations and bolster our competitive edge."

The Liquor Commission announced the deal on Tuesday afternoon, shortly after the New Hampshire Attorney General reviewed it and gave it a go-ahead, said Craig Bulkley, chief of administration for the Liquor Commission.

Rates are based on volume, and the contract has no upper dollar value, Bulkley said. The Liquor Commission projects that the contract will result in $3 million in savings to the Liquor Commission and $4 million in savings to suppliers and consumers over the first 30 months of operations.

Suppliers pay the Liquor Commission for warehouse storage, except in the few instances when the Commission takes ownership of the product before it is shipped to stores, Bulkley said.

He said savings under the Exel contract should amount to about 10 percent over the current contract.

With a signed deal, Exel is expected to begin construction of a new warehouse, state-of-the-art systems and a building specifically designed for the needs of the Liquor Commission and its customers, the statement reads. Bulkley said the land is located off Route 3A in Bow, near the town water tower.

"We are excited about this opportunity to bring our experience and expertise to the warehousing services of the New Hampshire Liquor Commission," said Fred Takavitz, Exel senior vice president in a press release. "We look forward to further enhancing the success of these operations, which in turn ensures the success of the service and revenue provided to the state of New Hampshire by the NHLC."

Company spokesman Lynn Anderson said Exel expects to employ about 50 workers at the warehouse. She said there is no agreement that any workers from Law Warehouse be offered employment, but any time Exel moves into a new area it will look for qualified workers.

The Liquor Commission will continue to operate its own 50,000 square foot warehouse on Storrs Street in Concord.

Meanwhile, Bulkley said that investigation into the loss of 300 boxes of expensive wine from its Portsmouth operation is in the hands of the Attorney General.

On Tuesday, WMUR-TV news reported that the Liquor Commission loses only a fraction of its product — one-half of 1 percent — due to damage, shoplifting, employee theft or other reasons. Industry norms are 3 to 3 1/2 percent, the Commission said in the report.

Stores in Hooksett and Hampton routinely placed in the top 10 when it came to losses, the station reported.

mhayward@unionleader.com

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, November 20, 2012 4:54 PM
To: Mary K. Sartwell; Lynn S Anderson (Exel US)
Cc: Craig W. Bulkley; Stephen J. Judge; John D. Bunnell; Richard Gerrish
Subject: Re: Warehouse Contract Award Press Release

If you could send the press coverage that would be great.

We look forward to working with you as well.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416[redacted]

www.exel.com

From: Mary K. Sartwell [mailto:mary.sartwell@liquor.state.nh.us]
Sent: Wednesday, November 21, 2012 05:40 AM
To: Lynn S Anderson (Exel US); Scott Lyons (EXEL CA)
Cc: Craig W. Bulkley <cbulkley@liquor.state.nh.us>; Stephen J. Judge <stephen.j.judge@liquor.state.nh.us>; John D. Bunnell <jbunnell@liquor.state.nh.us>; Richard Gerrish <rgerrish@liquor.state.nh.us>
Subject: Warehouse Contract Award Press Release

Lynn & Scott, the press release and media fact sheet went out earlier this afternoon according to plan. Would you like me to share press coverage with you or do you have a service that does that for you? Thanks for your availability and quick turnaround on the announcement. I look forward to working with you in the future.

Mary K. Sartwell
Director of Advertising
New Hampshire Liquor Commission
E-mail: mary.sartwell@liquor.state.nh.us
Telephone: 603-230-7087
Fax: 603-271-8540
LiquorandWineOutlets.com
facebook.com/nhliquorwine
twitter.com/nhliquorwine

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, November 20, 2012 12:43 PM
To: Craig W. Bulkley
Cc: Tina Demers; Maria Tzagournis (EXEL US)
Subject: RE: Signed Warehouse Contract

Received – Thank-you!

We are very excited about this opportunity and look forward to working together.

Please send one of the originals to Maria Tzagournis, Senior Director CCM, Exel Inc., 570 Polaris Parkway, Westerville, OH, 43082

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, November 20, 2012 12:33 PM
To: Scott Lyons (EXEL CA)
Cc: Tina Demers; Craig W. Bulkley
Subject: Signed Warehouse Contract

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, November 20, 2012 12:17 PM
To: Mary K. Sartwell; Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); Greg Foreman (EXEL US); Stephen J. Judge; John D. Bunnell; Richard Gerrish
Subject: RE: Media Fact Sheet

Not sure if you are looking for our approval for the change, in case you are – please go ahead - it looks fine from our perspective.

I would double check the font in the second last paragraph as it appears to be slightly smaller.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Mary K. Sartwell [mailto:mary.sartwell@liquor.state.nh.us]
Sent: Tuesday, November 20, 2012 11:07 AM
To: Scott Lyons (EXEL CA); Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); Greg Foreman (EXEL US); Stephen J. Judge; John D. Bunnell; Richard Gerrish
Subject: RE: Media Fact Sheet

Scott, attached is the final Media Fact Sheet.

Mary K. Sartwell
Director of Advertising
New Hampshire Liquor Commission
Telephone: 603-230-7087
LiquorandWineOutlets.com
facebook.com/nhliquorwine
twitter.com/nhliquorwine

Please consider the environment before printing this e-mail.

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Tuesday, November 20, 2012 10:08 AM
To: Mary K. Sartwell; Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); Greg Foreman (EXEL US); Stephen J. Judge; John D. Bunnell; Richard Gerrish
Subject: RE: Media Fact Sheet

The media fact sheet we reviewed stated that "most" would be residents of New Hampshire. Our rationale for removing the statement all together was to not make an issue where none exists. Craig could answer the question if asked. If you believe that it is better to proactively list this fact, we would be fine if it said "all". We will leave it with you to determine how best to handle it.

We would prefer to not have our customers listed in a media release. We would be comfortable with the following statement "Exel's customers include 50% of the Forbes top 500 companies" . In terms of follow-on questions regarding a listing of some of our customer please have Craig forward them to Lynn for an answer.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Mary K. Sartwell [mailto:mary.sartwell@liquor.state.nh.us]
Sent: Tuesday, November 20, 2012 8:29 AM
To: Scott Lyons (EXEL CA); Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); Greg Foreman (EXEL US); Stephen J. Judge; John D. Bunnell; Richard Gerrish
Subject: RE: Media Fact Sheet

Scott, thanks for your feedback. The Evaluation Committee would like to know why you wouldn't want to include in the media fact sheet that all 50 staff will be New Hampshire residents. Likewise, you previously deleted specific client names and referenced "some of the largest and most successful retail and consumer goods companies." Our thinking is that both of these questions will be asked. Would you consider including these details in the media fact sheet? If not, can Craig offer up the answers if the media asks? Or should those questions be deferred to Exel? Thanks.

Mary K. Sartwell
Director of Advertising
New Hampshire Liquor Commission
Telephone: 603-230-7087
LiquorandWineOutlets.com
facebook.com/nhliquorwine
twitter.com/nhliquorwine

Please consider the environment before printing this e-mail.

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Monday, November 19, 2012 6:16 PM
To: Mary K. Sartwell; Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); Greg Foreman (EXEL US)
Subject: Media Fact Sheet

Thank-you for providing the fact sheet. It looks good.

We have one suggestion. The last line refers to how many people we will employ and the fact they will mostly be New Hampshire residents.

In fact, all 50 staff will be New Hampshire residents, i.e. up to the General Manager. The only non-residents will be our senior management team and subject matter experts who have responsibility for businesses across a wider geography. Rather than drawing attention to this issue we would suggest deleting the last section of this sentence. Please see the attached redline.

Cheers,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

From: Mary K. Sartwell <mary.sartwell@liquor.state.nh.us>
Sent: Tuesday, November 20, 2012 11:07 AM
To: Scott Lyons (EXEL CA); Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); Greg Foreman (EXEL US); Stephen J. Judge; John D. Bunnell; Richard Gerrish
Subject: RE: Media Fact Sheet
Attachments: NHLC Warehouse Contract Award_Fact Sheet_11 20 12.doc

Scott, attached is the final Media Fact Sheet.

Mary K. Sartwell
Director of Advertising
New Hampshire Liquor Commission
Telephone: 603-230-7087
LiquorandWineOutlets.com
facebook.com/nhliquorwine
twitter.com/nhliquorwine

Please consider the environment before printing this e-mail.

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Tuesday, November 20, 2012 10:08 AM
To: Mary K. Sartwell; Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); Greg Foreman (EXEL US); Stephen J. Judge; John D. Bunnell; Richard Gerrish
Subject: RE: Media Fact Sheet

The media fact sheet we reviewed stated that "most" would be residents of New Hampshire. Our rationale for removing the statement all together was to not make an issue where none exists. Craig could answer the question if asked. If you believe that it is better to proactively list this fact, we would be fine if it said "all". We will leave it with you to determine how best to handle it.

We would prefer to not have our customers listed in a media release. We would be comfortable with the following statement "Exel's customers include 50% of the Forbes top 500 companies" . In terms of follow-on questions regarding a listing of some of our customer please have Craig forward them to Lynn for an answer.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Mary K. Sartwell [mailto:mary.sartwell@liquor.state.nh.us]
Sent: Tuesday, November 20, 2012 8:29 AM
To: Scott Lyons (EXEL CA); Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); Greg Foreman (EXEL US); Stephen J. Judge; John D. Bunnell;

Richard Gerrish
Subject: RE: Media Fact Sheet

Scott, thanks for your feedback. The Evaluation Committee would like to know why you wouldn't want to include in the media fact sheet that all 50 staff will be New Hampshire residents. Likewise, you previously deleted specific client names and referenced "some of the largest and most successful retail and consumer goods companies." Our thinking is that both of these questions will be asked. Would you consider including these details in the media fact sheet? If not, can Craig offer up the answers if the media asks? Or should those questions be deferred to Exel? Thanks.

Mary K. Sartwell
Director of Advertising
New Hampshire Liquor Commission
Telephone: 603-230-7087
LiquorandWineOutlets.com
facebook.com/nhliquorwine
twitter.com/nhliquorwine

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Monday, November 19, 2012 6:16 PM
To: Mary K. Sartwell; Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); Greg Foreman (EXEL US)
Subject: Media Fact Sheet

Thank-you for providing the fact sheet. It looks good.

We have one suggestion. The last line refers to how many people we will employ and the fact they will mostly be New Hampshire residents.

In fact, all 50 staff will be New Hampshire residents, i.e. up to the General Manager. The only non-residents will be our senior management team and subject matter experts who have responsibility for businesses across a wider geography. Rather than drawing attention to this issue we would suggest deleting the last section of this sentence. Please see the attached redline.

Cheers,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

STATE LIQUOR & WINE OUTLET STORES
NH LIQUOR COMMISSION

Twenty-Year Warehouse Services Contract
MEDIA FACT SHEET
November 20, 2012

Contact: Jeff Eisenberg
(603) 759-3001
jeffe@evradvertising.com

Introduction

The issuance of the Long-Term Warehouse Services Request for Proposal ("RFP") and the review of proposals was a very significant undertaking. While timing was important, a well-founded recommendation that provided the Commissioners the opportunity to select the best possible solution for the Commission, the State of New Hampshire, and its citizens was the long-term goal. Warehousing costs are directly related to product acquisition costs and ultimately determine the price customers pay at the register. Therefore, the award decision has great impact in the market and on the continued successful operation of the New Hampshire Liquor and Wine Outlets.

The Commission reviewed advancements in the liquor warehouse industry including but not limited to computerization and automation that require an initial outlay of significant capital but over time reduce overall costs and increase profitability. The Commission's review confirmed that the greatest savings could be realized through a modern automated system. In order to create the environment to attract bidders and financial support for a long-term warehouse contract, the Commission understood the need for a long-term commitment.

The purpose of the bidding process was to attract qualified bidders and allow the Commissioners to select the proposal that best meets the needs of the State after taking into consideration all of the evaluation factors contained in the RFP.

History

The New Hampshire Liquor Commission ("NHLC"), through the State, owns a 50,000 square foot warehouse on Storrs Street in Concord connected to the NHLC headquarters. The Concord warehouse facility will remain open. The Commission has contracted with Law Warehouses, Inc. ("Law") for more than 25 years to provide a much larger warehouse which is located in Nashua. This warehouse consists of a number of buildings with a capacity of about 350,000 square feet. The NHLC acknowledges with gratitude the history of its working relationship with Law Warehouses.

Process

Based on the limited response to the recent Short-Term Warehouse Services RFP issued in 2010, the 20% price increase of the resulting short-term contract and a review of the industry, the Commission concluded that continuing to use a series of short-term warehouse contracts would most likely result in a decline in profitability, inefficient operation and a potential diminution of services to customers.

The Commission's review demonstrated that, in order to achieve the greatest potential, the term of a contract with a private warehouse needed to be up to and including twenty years, driven by significant investment.

Drafting of the Long-Term Warehouse Services Request for Proposal (RFP) began before the short-term contract was signed. The Commission posted a notice on February 15, 2012 notifying the public that a long-term RFP was going to be issued in the near future.

While regular reports were provided to the Commissioners, as a matter of public record, the Commissioners appointed an Evaluation Committee to review and analyze the proposals.

The Evaluation Committee ("EC") consisted of NHLC Former Bureau Chief of Sales, Marketing, Merchandising and Warehousing, John Bunnell; Issuing Officer and NHLC Chief of Administration, Craig Bulkley; NHLC Chief Financial Officer, George Tsiopras; and, Peter Hastings, Interim Commissioner (and Director of Agency Software Division), Department of Information Technology.

The RFP was drafted by the EC with the assistance of Attorney Stephen Judge, of Wadleigh, Starr & Peters, PLLC, counsel to the Evaluation Committee.

The RFP consisted of 156 pages including appendices which described in great detail the needs and current operation of the NHLC. The idea was not necessarily to duplicate the existing system. The purpose of issuing the RFP was to solicit vendors to submit a proposal that best met the needs of the NHLC.

Five Vendors submitted proposals to the Commission on June 7, 2012. The RFP was designed to encourage competition and was successful in that regard, attracting world-class bidders that were local, national and international.

The five Vendors were:
- Distributech, LLC. ("Distributech")
- Exel , Inc. ("Exel")
- Hat Tricks Logistics, LLC. ("Hat Trick")
- Law Warehouses, Inc. ("Law"), and
- XTL-NH, Inc. ("XTL")

The RFP reserved from June 7, 2012 – August 1, 2012 to allow the Commissioners and the Evaluation Committee to schedule tours, conduct tests and perform evaluations. This period was designated when the RFP was released, at a time when the Commissioners could not know the number of Proposals that would be submitted. Eventually, the time was extended to November 21, 2012.

Evaluation Committee Analysis

With the success of obtaining five proposals came the lengthy duty of reviewing all five proposals. The EC fully analyzed, understood and compared all the proposals.

During the process, the EC consulted with counsel, the Attorney General's Office, other state agencies and employees. The Department of Information Technology is represented by a member on the EC.

The other state agencies that have been consulted include the Department of Environmental Services, the Department of Resources and Economic Development, and the Department of Administrative Services (Risk Management).

Confidentiality was maintained throughout this process.

The RFP required the vendors to make their facilities and operations available for tour and review by the Evaluation Committee. The committee toured the proposed facilities during the week of June 18, 2012 with the exception of the Exel facility which was not ready for inspection. This site was toured on July 23, 2012.

During the course of the EC analysis, the vendors were asked to respond in a number of different areas. As a result, the proposals were sharpened and the understanding of each proposal by the EC was increased.

The areas included an exploration of the proposed site and the vendor's experience, qualifications and exact identity; the best financial terms and innovation; the warehouse process; technical, service and project management/IT competence; acceptance of standard state contract; and, overall solution.

Evaluation Process

Seven criteria were used to evaluate each vendor's proposal:

1. General – Best Meets the Needs of the NHLC: Qualified/Disqualified
2. Vendor Experience & Qualifications/Transition: 20 Points
3. Financial Stability and Capacity: Qualified/Disqualified
4. Vendor Technical, Service, and Project Management Proposal: 20 Points
5. Vendor Overall Solution: 20 Points
6. Vendor Pricing and Innovation: 40 Points
7. Vendor References: Qualified/Disqualified

The specific explanation of each criterion as set out in the RFP is as follows:

<u>General</u>

The Vendor's general approach to the RFP will be reviewed on a qualified/disqualified basis. The Vendor appears to have understood the RFP and has responded adequately, and in the required format. The Vendor's exception/s to this RFP (if any) is acceptable to the NHSLC. The Vendor's alternative Proposal/s (if any) is acceptable to the NHSLC.

<u>Vendor Experience & Qualifications/Transition</u>

The Vendor's experience and qualifications will be allocated a maximum score of 20 points. The Vendor understands and is committed to implement business relationships and protocols with the NHSLC, its Suppliers, Licensees, and other contractors, according to NHSLC requirements. The Vendor has adequate warehousing and transportation knowledge and experience consistent with the nature and magnitude of the NHSLC's warehousing operation. The Vendor is able to demonstrate operational ability. To evaluate qualifications of key staff, the NHSLC will consider the entire Proposal and the following three (3) factors:

a. Proposed team organization and designation and identification of key staff;
b. Qualification of candidates for Project Manager; and
c. Qualifications of candidates for key Vendor staff roles.

The Vendor has included a complete, documented summary of specific organizational operating experience with emphasis on storing, handling, shipping, receiving and securing spirits and Wine or other high value or high velocity commodities. The Vendor has submitted a list of staff including key management who will be directly responsible for the implementation and operation of the Proposal.

The Vendor has correctly estimated the magnitude of effort and resources necessary to provide a Warehouse, has demonstrated the ability and willingness to resolve unforeseen problems that may arise, and has shown skill in anticipating and averting potential disruptions

Financial Stability and Capacity

The Vendor's ability to demonstrate suitable financial strength, stability and capacity to undertake a sophisticated and capital intensive Warehouse operation with very high degree of performance and in a timely manner will be reviewed on a qualified/disqualified basis. At a minimum, all Vendors that have been registered to do business for at least three years will furnish financial statements for the past three years with their bids. A more recently formed entity will provide other relevant financial materials to demonstrate its financial stability and capacity. The EC shall determine, in its own discretion, whether the documentation satisfies the requirements of this RFP or whether additional information is required. The Vendor agrees without reservation to submit to the audit and oversight requirements of the RFP.

Vendor Technical, Service, and Project Management Proposal

Vendors proposed Technical, Service and Project Management services shall be allocated a maximum of 20 points. The Vendor is able and committed to perform the IT requirements as set out in APPENDIX K according to specifications. The ability to understand, implement and support all MIS/computer/business protocols in a timely and skilled manner, and without excessive error; which includes the recognition that some errors, however slight or infrequent, carry the potential for severe disruption. To apply appropriate resources in establishing an acceptable level of business intercourse with the NHSLC and its Suppliers and Licensees, and to provide mechanisms for rapidly and effectively resolving errors and disruptions when they do occur. The Vendor has the ability to properly accept, inventory, Warehouse, manage, and track incoming and outgoing shipments of Product. The Vendor demonstrates the ability to achieve full cooperation and coordination with the NHSLC's transportation contractor(s), other Warehouse contractor(s), and the NHSLC-owned Warehouse in Concord.

Vendor Overall Solution

Vendor overall solution shall be allocated a maximum score of 20 points and shall be determined as follows. The EC will evaluate the ability of the Vendor to properly accept, inventory, Warehouse, manage, and track incoming and outgoing shipments of Product in the timeliest, efficient and cost effective manner. The Vendor must be open to accept inbound deliveries from 6 AM to 8 PM Monday through Friday. The Vendor must provide full cooperation, efficiency and coordination with the NHSLC's transportation contractor(s), other Warehouse contractor(s), and the NHSLC-owned

Warehouse in Concord. The Vendor must demonstrate suitable financial strength, stability and capacity to undertake a sophisticated and capital intensive Warehouse operation with a very high degree of performance and in a timely manner.

In addition to serving the NHSLC's current retail stores, the Vendor overall solution shall be responsive to the needs of on and off premises Licensees. The Vendor solution will anticipate growth in the number of retail stores, Licensees and Product as well as increasing complexity in the process.

The Vendor must be able to electronically report (via file transfer) real-time inventories for all SKUs in the NHSLC's Product inventory to the NHSLC 24 hours a day, 7 days a week, 365 days a year via computer file transfer. The Vendor must demonstrate the ability to handle the anticipated workload during periods of peak demand and/or inclement weather (consistent with reasonable safety criteria) without delay, disrupting stores, Licensees, Suppliers, or carriers.

Vendor will provide timely reports regarding out of stock occurrences with detail showing number of days out for the fiscal year and number of days out for each occurrence.

Moreover, the evaluation shall consider the following as well as any other portion of the Proposal which describes the Vendor's overall plan for fulfilling the requirements set forth in the RFP.

General Warehouse Requirements

[ ] size and case capacity
[ ] Temperature and climate control.
[ ] Security and Fire protection.
[ ] Single bottle picking capability, efficiency and technology
[ ] Storage capacity.
[ ] Lighting.
[ ] Facility is in suitable operational condition.
[ ] Facility has suitable materials-handling equipment.
[ ] Facility is able to fulfill the NHSLC's warehousing needs.

Access and Docking

[ ] Load/unload capacity for road vehicles.
[ ] Load/unload docking facilities.
[ ] Trailer storage area.
[ ] Protected trailer storage.
[ ] Dock approaches.

The solution should include a list of all equipment proposed or likely to be used in the operation (e.g. number of trucks, size of trucks, number of personnel, etc.)

<u>Vendor Pricing and Innovation</u>

The Vendor's Proposal will be allocated a maximum score of 40 points. **All rate and pricing information, including rates for alternate Proposals, must be bound and sealed separately from the remainder of the Proposal.**

The Vendor must provide a Proposal which secures for the NHSLC the highest revenue. One measure of revenue is an evaluation of the cost proposed by a Vendor. The Cost Proposal must include the Activities/Deliverables/Milestones Pricing Worksheet prepared using the format provided in APPENDIX D and APPENDIX D-1 – Pricing Worksheets and any discussion necessary to ensure understanding of data provided.

Another measure of revenue is a Proposal which contains revenue sharing. The Vendor shall describe any additional value-added services it will provide to the NHSLC both at the inception of the contract and in the future. An example of value added services is the sharing of bailment charges.

The Proposal must also identify advantages for the NHSLC's business partners/ customers. The Vendor must cooperate and coordinate with all Suppliers and the Transportation Contractor as well as entities that transport Product for licensees. The desired end result is that Product will be available in a timely manner and in the necessary amount at every state store and for every Licensee.

In order to properly evaluate each Proposal's cost, all factors shall be addressed and completed as requested without deviations in the primary Proposal. The EC will rank basic handling, bailment (storage) and accessorial Warehouse charges to the NHSLC, in total or by component, depending on the scenario the NHSLC chooses to pursue. The EC will evaluate additional charges or cost savings.

Vendors wishing to submit deviations from rate information requested in APPENDIX D and APPENDIX D-1 shall submit them as sealed, alternate Proposals

Vendor References

The Vendor will provide three detailed references from individuals who have personal knowledge of the Vendor's history and experience. Include references from customers for whom you have performed services similar in nature to those requested in this RFP, listing names, addresses, telephone numbers and contact persons.

Exel and the New Warehouse Operation

Exel is part of the Supply Chain Division of Deutsche Post DHL, the world's leading logistics group and the parent company of DHL. Exel is the Division that will be responsible for the new warehouse in New Hampshire.

Exel has a proven track record of designing and operating customized warehouses that allow for decreased inventory, increased fill-rates, and quick response to changes in customer demand. Learn more at http://www.exel.com/exel/exel_warehousing.jsp.

Compared to the rates in the current contract, in the first thirty months of the new contract, the NHLC projects approximately $3 million in savings as a result of enhanced operations. The projection for business partners and consumers is approximately $4 million in savings during this same time period.

The new building will be located in Bow. Exel expects to employ approximately 50 people, all expected to be New Hampshire residents.

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, November 20, 2012 10:08 AM
To: Mary K. Sartwell; Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); Greg Foreman (EXEL US); Stephen J. Judge; John D. Bunnell; Richard Gerrish
Subject: RE: Media Fact Sheet

The media fact sheet we reviewed stated that "most" would be residents of New Hampshire. Our rationale for removing the statement all together was to not make an issue where none exists. Craig could answer the question if asked. If you believe that it is better to proactively list this fact, we would be fine if it said "all". We will leave it with you to determine how best to handle it.

We would prefer to not have our customers listed in a media release. We would be comfortable with the following statement "Exel's customers include 50% of the Forbes top 500 companies" . In terms of follow-on questions regarding a listing of some of our customer please have Craig forward them to Lynn for an answer.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Mary K. Sartwell [mailto:mary.sartwell@liquor.state.nh.us]
Sent: Tuesday, November 20, 2012 8:29 AM
To: Scott Lyons (EXEL CA); Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); Greg Foreman (EXEL US); Stephen J. Judge; John D. Bunnell; Richard Gerrish
Subject: RE: Media Fact Sheet

Scott, thanks for your feedback. The Evaluation Committee would like to know why you wouldn't want to include in the media fact sheet that all 50 staff will be New Hampshire residents. Likewise, you previously deleted specific client names and referenced "some of the largest and most successful retail and consumer goods companies." Our thinking is that both of these questions will be asked. Would you consider including these details in the media fact sheet? If not, can Craig offer up the answers if the media asks? Or should those questions be deferred to Exel? Thanks.

Mary K. Sartwell
Director of Advertising
New Hampshire Liquor Commission
Telephone: 603-230-7087
LiquorandWineOutlets.com
facebook.com/nhliquorwine
twitter.com/nhliquorwine

Please consider the environment before printing this e-mail.

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Monday, November 19, 2012 6:16 PM
To: Mary K. Sartwell; Craig W. Bulkley

Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); Greg Foreman (EXEL US)
Subject: Media Fact Sheet

Thank-you for providing the fact sheet. It looks good.

We have one suggestion. The last line refers to how many people we will employ and the fact they will mostly be New Hampshire residents.

In fact, all 50 staff will be New Hampshire residents, i.e. up to the General Manager. The only non-residents will be our senior management team and subject matter experts who have responsibility for businesses across a wider geography. Rather than drawing attention to this issue we would suggest deleting the last section of this sentence. Please see the attached redline.

Cheers,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Monday, November 19, 2012 6:16 PM
To: Mary K. Sartwell; Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); Greg Foreman (EXEL US)
Subject: Media Fact Sheet
Attachments: warehouse contract award_fact sheet_11 19 12_nhlc - Exel Comment.docx

Thank-you for providing the fact sheet. It looks good.

We have one suggestion. The last line refers to how many people we will employ and the fact they will mostly be New Hampshire residents.

In fact, all 50 staff will be New Hampshire residents, i.e. up to the General Manager. The only non-residents will be our senior management team and subject matter experts who have responsibility for businesses across a wider geography. Rather than drawing attention to this issue we would suggest deleting the last section of this sentence. Please see the attached redline.

Cheers,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

STATE LIQUOR & WINE OUTLET STORES
NH LIQUOR COMMISSION

Twenty-Year Warehouse Services Contract
MEDIA FACT SHEET
November 20, 2012

Contact: Jeff Eisenberg
(603) 759-3001
jeffe@evradvertising.com

Introduction

The issuance of the Long-Term Warehouse Services Request for Proposal ("RFP") and the review of proposals was a very significant undertaking. While timing was important, a well-founded recommendation that provided the Commissioners the opportunity to select the best possible solution for the Commission, the State of New Hampshire, and its citizens was the long-term goal. Warehousing costs are directly related to product acquisition costs and ultimately determine the price customers pay at the register. Therefore, the award decision has great impact in the market and on the continued successful operation of the New Hampshire Liquor and Wine Outlets.

The Commission reviewed advancements in the liquor warehouse industry including but not limited to computerization and automation that require an initial outlay of significant capital but over time reduce overall costs and increase profitability. The Commission's review confirmed that the greatest savings could be realized through a modern automated system. In order to create the environment to attract bidders and financial support for a long-term warehouse contract, the Commission understood the need for a long-term commitment.

The purpose of the bidding process was to attract qualified bidders and allow the Commissioners to select the proposal that best meets the needs of the State after taking into consideration all of the evaluation factors contained in the RFP.

History

The New Hampshire Liquor Commission ("NHLC"), through the State, owns a 50,000 square foot warehouse on Storrs Street in Concord connected to the NHLC headquarters. The Concord warehouse facility will remain open. The Commission has contracted with Law Warehouses, Inc. ("Law") for more than 25 years to provide a much larger warehouse which is located in Nashua. This warehouse consists of a number of buildings with a capacity of about 350,000 square feet. The NHLC acknowledges with gratitude the history of its working relationship with Law Warehouses.

Process

Based on the limited response to the recent Short-Term Warehouse Services RFP issued in 2010, the 20% price increase of the resulting short-term contract and a review of the industry, the Commission concluded that continuing to use a series of short-term warehouse contracts would most likely result in a decline in profitability, inefficient operation and a potential diminution of services to customers.

Formatted: Font: 11 pt, Do not check spelling or grammar

The Commission's review demonstrated that, in order to achieve the greatest potential, the term of a contract with a private warehouse needed to be up to and including twenty years, driven by significant investment.

Drafting of the Long-Term Warehouse Services Request for Proposal (RFP) began before the short-term contract was signed. The Commission posted a notice on February 15, 2012 notifying the public that a long-term RFP was going to be issued in the near future.

While regular reports were provided to the Commissioners, as a matter of public record, the Commissioners appointed an Evaluation Committee to review and analyze the proposals.

The Evaluation Committee ("EC") consisted of NHLC Former Bureau Chief of Sales, Marketing, Merchandising and Warehousing, John Bunnell; Issuing Officer and NHLC Chief of Administration, Craig Bulkley; NHLC Chief Financial Officer, George Tsiopras; and, Peter Hastings, Interim Commissioner (and Director of Agency Software Division), Department of Information Technology.

The RFP was drafted by the EC with the assistance of Attorney Stephen Judge, of Wadleigh, Starr & Peters, PLLC, counsel to the Evaluation Committee.

The RFP consisted of 156 pages including appendices which described in great detail the needs and current operation of the NHLC. The idea was not necessarily to duplicate the existing system. The purpose of issuing the RFP was to solicit vendors to submit a proposal that best met the needs of the NHLC.

Five Vendors submitted proposals to the Commission on June 7, 2012. The RFP was designed to encourage competition and was successful in that regard, attracting world-class bidders that were local, national and international.

The five Vendors were:

- Distributech, LLC. ("Distributech")
- Exel , Inc. ("Exel")
- Hat Tricks Logistics, LLC. ("Hat Trick")
- Law Warehouses, Inc. ("Law"), and
- XTL-NH, Inc. ("XTL")

The RFP reserved from June 7, 2012 – August 1, 2012 to allow the Commissioners and the Evaluation Committee to schedule tours, conduct tests and perform evaluations. This period was designated when the RFP was released, at a time when the Commissioners could not know the number of Proposals that would be submitted. Eventually, the time was extended to November 21, 2012.

Evaluation Committee Analysis

With the success of obtaining five proposals came the lengthy duty of reviewing all five proposals. The EC fully analyzed, understood and compared all the proposals.

During the process, the EC consulted with counsel, the Attorney General's Office, other state agencies and employees. The Department of Information Technology is represented by a member on the EC.

Formatted: Font: 11 pt, Do not check spelling or grammar

The other state agencies that have been consulted include the Department of Environmental Services, the Department of Resources and Economic Development, and the Department of Administrative Services (Risk Management).

Confidentiality was maintained throughout this process.

The RFP required the vendors to make their facilities and operations available for tour and review by the Evaluation Committee. The committee toured the proposed facilities during the week of June 18, 2012 with the exception of the Exel facility which was not ready for inspection. This site was toured on July 23, 2012.

During the course of the EC analysis, the vendors were asked to respond in a number of different areas. As a result, the proposals were sharpened and the understanding of each proposal by the EC was increased.

The areas included an exploration of the proposed site and the vendor's experience, qualifications and exact identity; the best financial terms and innovation; the warehouse process; technical, service and project management/IT competence; acceptance of standard state contract; and, overall solution.

Evaluation Process

Seven criteria were used to evaluate each vendor's proposal:

1. General – Best Meets the Needs of the NHLC: Qualified/Disqualified
2. Vendor Experience & Qualifications/Transition: 20 Points
3. Financial Stability and Capacity: Qualified/Disqualified
4. Vendor Technical, Service, and Project Management Proposal: 20 Points
5. Vendor Overall Solution: 20 Points
6. Vendor Pricing and Innovation: 40 Points
7. Vendor References: Qualified/Disqualified

The specific explanation of each criterion as set out in the RFP is as follows:

General

The Vendor's general approach to the RFP will be reviewed on a qualified/disqualified basis. The Vendor appears to have understood the RFP and has responded adequately, and in the required format. The Vendor's exception/s to this RFP (if any) is acceptable to the NHSLC. The Vendor's alternative Proposal/s (if any) is acceptable to the NHSLC.

Vendor Experience & Qualifications/Transition

The Vendor's experience and qualifications will be allocated a maximum score of 20 points. The Vendor understands and is committed to implement business relationships and protocols with the NHSLC, its Suppliers, Licensees, and other contractors, according to NHSLC requirements. The Vendor has adequate warehousing and transportation knowledge and experience consistent with the nature and magnitude of the NHSLC's warehousing operation. The Vendor is able to demonstrate operational ability. To evaluate qualifications of key staff, the NHSLC will consider the entire Proposal and the following three (3) factors:

Formatted: Font: 11 pt, Do not check spelling or grammar

a. Proposed team organization and designation and identification of key staff;
b. Qualification of candidates for Project Manager; and
c. Qualifications of candidates for key Vendor staff roles.

The Vendor has included a complete, documented summary of specific organizational operating experience with emphasis on storing, handling, shipping, receiving and securing spirits and Wine or other high value or high velocity commodities. The Vendor has submitted a list of staff including key management who will be directly responsible for the implementation and operation of the Proposal.

The Vendor has correctly estimated the magnitude of effort and resources necessary to provide a Warehouse, has demonstrated the ability and willingness to resolve unforeseen problems that may arise, and has shown skill in anticipating and averting potential disruptions

Financial Stability and Capacity

The Vendor's ability to demonstrate suitable financial strength, stability and capacity to undertake a sophisticated and capital intensive Warehouse operation with very high degree of performance and in a timely manner will be reviewed on a qualified/disqualified basis. At a minimum, all Vendors that have been registered to do business for at least three years will furnish financial statements for the past three years with their bids. A more recently formed entity will provide other relevant financial materials to demonstrate its financial stability and capacity. The EC shall determine, in its own discretion, whether the documentation satisfies the requirements of this RFP or whether additional information is required. The Vendor agrees without reservation to submit to the audit and oversight requirements of the RFP.

Vendor Technical, Service, and Project Management Proposal

Vendors proposed Technical, Service and Project Management services shall be allocated a maximum of 20 points. The Vendor is able and committed to perform the IT requirements as set out in APPENDIX K according to specifications. The ability to understand, implement and support all MIS/computer/business protocols in a timely and skilled manner, and without excessive error; which includes the recognition that some errors, however slight or infrequent, carry the potential for severe disruption. To apply appropriate resources in establishing an acceptable level of business intercourse with the NHSLC and its Suppliers and Licensees, and to provide mechanisms for rapidly and effectively resolving errors and disruptions when they do occur. The Vendor has the ability to properly accept, inventory, Warehouse, manage, and track incoming and outgoing shipments of Product. The Vendor demonstrates the ability to achieve full cooperation and coordination with the NHSLC's transportation contractor(s), other Warehouse contractor(s), and the NHSLC-owned Warehouse in Concord.

Vendor Overall Solution

Vendor overall solution shall be allocated a maximum score of 20 points and shall be determined as follows. The EC will evaluate the ability of the Vendor to properly accept, inventory, Warehouse, manage, and track incoming and outgoing shipments of Product in the timeliest, efficient and cost effective manner. The Vendor must be open to accept inbound deliveries from 6 AM to 8 PM Monday through Friday. The Vendor must provide full cooperation, efficiency and coordination with the NHSLC's transportation contractor(s), other Warehouse contractor(s), and the NHSLC-owned

Formatted: Font: 11 pt, Do not check spelling or grammar

Warehouse in Concord. The Vendor must demonstrate suitable financial strength, stability and capacity to undertake a sophisticated and capital intensive Warehouse operation with a very high degree of performance and in a timely manner.

In addition to serving the NHSLC's current retail stores, the Vendor overall solution shall be responsive to the needs of on and off premises Licensees. The Vendor solution will anticipate growth in the number of retail stores, Licensees and Product as well as increasing complexity in the process.

The Vendor must be able to electronically report (via file transfer) real-time inventories for all SKUs in the NHSLC's Product inventory to the NHSLC 24 hours a day, 7 days a week, 365 days a year via computer file transfer. The Vendor must demonstrate the ability to handle the anticipated workload during periods of peak demand and/or inclement weather (consistent with reasonable safety criteria) without delay, disrupting stores, Licensees, Suppliers, or carriers.

Vendor will provide timely reports regarding out of stock occurrences with detail showing number of days out for the fiscal year and number of days out for each occurrence.

Moreover, the evaluation shall consider the following as well as any other portion of the Proposal which describes the Vendor's overall plan for fulfilling the requirements set forth in the RFP.

General Warehouse Requirements

[ ] size and case capacity
[ ] Temperature and climate control.
[ ] Security and Fire protection.
[ ] Single bottle picking capability, efficiency and technology
[ ] Storage capacity.
[ ] Lighting.
[ ] Facility is in suitable operational condition.
[ ] Facility has suitable materials-handling equipment.
[ ] Facility is able to fulfill the NHSLC's warehousing needs.

Access and Docking

[ ] Load/unload capacity for road vehicles.
[ ] Load/unload docking facilities.
[ ] Trailer storage area.
[ ] Protected trailer storage.
[ ] Dock approaches.

The solution should include a list of all equipment proposed or likely to be used in the operation (e.g. number of trucks, size of trucks, number of personnel, etc.)

Vendor Pricing and Innovation

The Vendor's Proposal will be allocated a maximum score of 40 points. **All rate and pricing information, including rates for alternate Proposals, must be bound and sealed separately from the remainder of the Proposal.**

Formatted: Font: 11 pt, Do not check spelling or grammar

The Vendor must provide a Proposal which secures for the NHSLC the highest revenue. One measure of revenue is an evaluation of the cost proposed by a Vendor. The Cost Proposal must include the Activities/Deliverables/Milestones Pricing Worksheet prepared using the format provided in APPENDIX D and APPENDIX D-1 – Pricing Worksheets and any discussion necessary to ensure understanding of data provided.

Another measure of revenue is a Proposal which contains revenue sharing. The Vendor shall describe any additional value-added services it will provide to the NHSLC both at the inception of the contract and in the future. An example of value added services is the sharing of bailment charges.

The Proposal must also identify advantages for the NHSLC's business partners/ customers. The Vendor must cooperate and coordinate with all Suppliers and the Transportation Contractor as well as entities that transport Product for licensees. The desired end result is that Product will be available in a timely manner and in the necessary amount at every state store and for every Licensee.

In order to properly evaluate each Proposal's cost, all factors shall be addressed and completed as requested without deviations in the primary Proposal. The EC will rank basic handling, bailment (storage) and accessorial Warehouse charges to the NHSLC, in total or by component, depending on the scenario the NHSLC chooses to pursue. The EC will evaluate additional charges or cost savings.

Vendors wishing to submit deviations from rate information requested in APPENDIX D and APPENDIX D-1 shall submit them as sealed, alternate Proposals

Vendor References

The Vendor will provide three detailed references from individuals who have personal knowledge of the Vendor's history and experience. Include references from customers for whom you have performed services similar in nature to those requested in this RFP, listing names, addresses, telephone numbers and contact persons.

Exel and the New Warehouse Operation

Exel is part of the Supply Chain Division of Deutsche Post DHL, the world's leading logistics group and the parent company of DHL. Exel is the Division that will be responsible for the new warehouse in New Hampshire.

Exel has a proven track record of designing and operating customized warehouses that allow for decreased inventory, increased fill-rates, and quick response to changes in customer demand. Learn more at http://www.exel.com/exel/exel_warehousing.jsp.

Compared to the rates in the current contract, in the first thirty months of the new contract, the NHLC projects approximately $3 million in savings as a result of enhanced operations. The projection for business partners and consumers is approximately $4 million in savings during this same time period.

The new building will be located in Bow. Exel expects to employ approximately 50 people~~, most expected to be New Hampshire residents~~.

Formatted: Font: 11 pt, Do not check spelling or grammar

From: Mary K. Sartwell <mary.sartwell@liquor.state.nh.us>
Sent: Monday, November 19, 2012 5:00 PM
To: Lynn S Anderson (Exel US); Scott Lyons (EXEL CA)
Cc: Craig W. Bulkley; Stephen J. Judge; John D. Bunnell; Richard Gerrish
Subject: RE: Press Release
Attachments: warehouse contract award_fact sheet_11.19.12_nhlc.doc

Lynn, attached is the Media Fact Sheet. Please note that it does not include your press release edits and we're changing the contact to our advertising agency representative, who will field the calls and forward them directly to Craig Bulkley. Thanks.

Mary K. Sartwell
Director of Advertising
New Hampshire Liquor Commission
Telephone: 603-230-7087
LiquorandWineOutlets.com
facebook.com/nhliquorwine
twitter.com/nhliquorwine

Please consider the environment before printing this e-mail.

From: Lynn S Anderson (Exel US) [mailto:lynn.s.anderson@exel.com]
Sent: Monday, November 19, 2012 9:09 AM
To: Mary K. Sartwell
Subject: RE: Press Release

Thanks Mary,

If you could send the release my way when it is ready, we'll work to get a quote back to you right away.

Best Regards,
Lynn

Lynn S Anderson
VP Communications

Exel Supply Chain
570 Polaris Pkwy | Westerville OH 43082 | USA

614.865.8901 | office
614 [redacted] | mobile

lynn.s.anderson@exel.com

www.exel.com

From: Mary K. Sartwell [mailto:mary.sartwell@liquor.state.nh.us]
Sent: Friday, November 16, 2012 4:17 PM
To: Scott Lyons (EXEL CA); Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); John D. Bunnell; Stephen J. Judge
Subject: RE: Press Release

Lynn, I just left you a voicemail in the office that we're looking for a quote from Exel for our press release. I expect to have a revised draft on Monday morning that I can send to you. Have a nice weekend.

Mary K. Sartwell
Director of Advertising
New Hampshire Liquor Commission
Telephone: 603-230-7087
LiquorandWineOutlets.com
facebook.com/nhliquorwine
twitter.com/nhliquorwine

Please consider the environment before printing this e-mail.

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Friday, November 16, 2012 2:58 PM
To: Craig W. Bulkley
Cc: Mary K. Sartwell; Fred Takavitz (Exel US); Lynn S Anderson (Exel US)
Subject: RE: Press Release

You can reach Lynn Anderson at:

- 614 865-8901 (office)
- 614 [redacted] (cell)
- Email listed above

Cheers,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, November 16, 2012 2:49 PM
To: Scott Lyons (EXEL CA)
Cc: Mary K. Sartwell
Subject: Press Release

Scott:

Mary Sartwell handles our PR and press releases. She would like to speak with the appropriate person at your end as soon as possible. Please pass the contact information on to her. Thanks.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

CONFIDENTIALITY NOTICE

STATE LIQUOR & WINE OUTLET STORES
NH LIQUOR COMMISSION

Twenty-Year Warehouse Services Contract
MEDIA FACT SHEET
November 20, 2012

Contact: Jeff Eisenberg
(603) 759-3001
jeffe@evradvertising.com

Introduction

The issuance of the Long-Term Warehouse Services Request for Proposal ("RFP") and the review of proposals was a very significant undertaking. While timing was important, a well-founded recommendation that provided the Commissioners the opportunity to select the best possible solution for the Commission, the State of New Hampshire, and its citizens was the long-term goal. Warehousing costs are directly related to product acquisition costs and ultimately determine the price customers pay at the register. Therefore, the award decision has great impact in the market and on the continued successful operation of the New Hampshire Liquor and Wine Outlets.

The Commission reviewed advancements in the liquor warehouse industry including but not limited to computerization and automation that require an initial outlay of significant capital but over time reduce overall costs and increase profitability. The Commission's review confirmed that the greatest savings could be realized through a modern automated system. In order to create the environment to attract bidders and financial support for a long-term warehouse contract, the Commission understood the need for a long-term commitment.

The purpose of the bidding process was to attract qualified bidders and allow the Commissioners to select the proposal that best meets the needs of the State after taking into consideration all of the evaluation factors contained in the RFP.

History

The New Hampshire Liquor Commission ("NHLC"), through the State, owns a 50,000 square foot warehouse on Storrs Street in Concord connected to the NHLC headquarters. The Concord warehouse facility will remain open. The Commission has contracted with Law Warehouses, Inc. ("Law") for more than 25 years to provide a much larger warehouse which is located in Nashua. This warehouse consists of a number of buildings with a capacity of about 350,000 square feet. The NHLC acknowledges with gratitude the history of its working relationship with Law Warehouses.

Process

Based on the limited response to the recent Short-Term Warehouse Services RFP issued in 2010, the 20% price increase of the resulting short-term contract and a review of the industry, the Commission concluded that continuing to use a series of short-term warehouse contracts would most likely result in a decline in profitability, inefficient operation and a potential diminution of services to customers.

The Commission's review demonstrated that, in order to achieve the greatest potential, the term of a contract with a private warehouse needed to be up to and including twenty years, driven by significant investment.

Drafting of the Long-Term Warehouse Services Request for Proposal (RFP) began before the short-term contract was signed. The Commission posted a notice on February 15, 2012 notifying the public that a long-term RFP was going to be issued in the near future.

While regular reports were provided to the Commissioners, as a matter of public record, the Commissioners appointed an Evaluation Committee to review and analyze the proposals.

The Evaluation Committee ("EC") consisted of NHLC Former Bureau Chief of Sales, Marketing, Merchandising and Warehousing, John Bunnell; Issuing Officer and NHLC Chief of Administration, Craig Bulkley; NHLC Chief Financial Officer, George Tsiopras; and, Peter Hastings, Interim Commissioner (and Director of Agency Software Division), Department of Information Technology.

The RFP was drafted by the EC with the assistance of Attorney Stephen Judge, of Wadleigh, Starr & Peters, PLLC, counsel to the Evaluation Committee.

The RFP consisted of 156 pages including appendices which described in great detail the needs and current operation of the NHLC. The idea was not necessarily to duplicate the existing system. The purpose of issuing the RFP was to solicit vendors to submit a proposal that best met the needs of the NHLC.

Five Vendors submitted proposals to the Commission on June 7, 2012. The RFP was designed to encourage competition and was successful in that regard, attracting world-class bidders that were local, national and international.

The five Vendors were:

- Distributech, LLC. ("Distributech")
- Exel , Inc. ("Exel")
- Hat Tricks Logistics, LLC. ("Hat Trick")
- Law Warehouses, Inc. ("Law"), and
- XTL-NH, Inc. ("XTL")

The RFP reserved from June 7, 2012 – August 1, 2012 to allow the Commissioners and the Evaluation Committee to schedule tours, conduct tests and perform evaluations. This period was designated when the RFP was released, at a time when the Commissioners could not know the number of Proposals that would be submitted. Eventually, the time was extended to November 21, 2012.

Evaluation Committee Analysis

With the success of obtaining five proposals came the lengthy duty of reviewing all five proposals. The EC fully analyzed, understood and compared all the proposals.

During the process, the EC consulted with counsel, the Attorney General's Office, other state agencies and employees. The Department of Information Technology is represented by a member on the EC.

The other state agencies that have been consulted include the Department of Environmental Services, the Department of Resources and Economic Development, and the Department of Administrative Services (Risk Management).

Confidentiality was maintained throughout this process.

The RFP required the vendors to make their facilities and operations available for tour and review by the Evaluation Committee. The committee toured the proposed facilities during the week of June 18, 2012 with the exception of the Exel facility which was not ready for inspection. This site was toured on July 23, 2012.

During the course of the EC analysis, the vendors were asked to respond in a number of different areas. As a result, the proposals were sharpened and the understanding of each proposal by the EC was increased.

The areas included an exploration of the proposed site and the vendor's experience, qualifications and exact identity; the best financial terms and innovation; the warehouse process; technical, service and project management/IT competence; acceptance of standard state contract; and, overall solution.

Evaluation Process

Seven criteria were used to evaluate each vendor's proposal:

1. General – Best Meets the Needs of the NHLC: Qualified/Disqualified
2. Vendor Experience & Qualifications/Transition: 20 Points
3. Financial Stability and Capacity: Qualified/Disqualified
4. Vendor Technical, Service, and Project Management Proposal: 20 Points
5. Vendor Overall Solution: 20 Points
6. Vendor Pricing and Innovation: 40 Points
7. Vendor References: Qualified/Disqualified

The specific explanation of each criterion as set out in the RFP is as follows:

General

The Vendor's general approach to the RFP will be reviewed on a qualified/disqualified basis. The Vendor appears to have understood the RFP and has responded adequately, and in the required format. The Vendor's exception/s to this RFP (if any) is acceptable to the NHSLC. The Vendor's alternative Proposal/s (if any) is acceptable to the NHSLC.

Vendor Experience & Qualifications/Transition

The Vendor's experience and qualifications will be allocated a maximum score of 20 points. The Vendor understands and is committed to implement business relationships and protocols with the NHSLC, its Suppliers, Licensees, and other contractors, according to NHSLC requirements. The Vendor has adequate warehousing and transportation knowledge and experience consistent with the nature and magnitude of the NHSLC's warehousing operation. The Vendor is able to demonstrate operational ability. To evaluate qualifications of key staff, the NHSLC will consider the entire Proposal and the following three (3) factors:

a. Proposed team organization and designation and identification of key staff;
b. Qualification of candidates for Project Manager; and
c. Qualifications of candidates for key Vendor staff roles.

The Vendor has included a complete, documented summary of specific organizational operating experience with emphasis on storing, handling, shipping, receiving and securing spirits and Wine or other high value or high velocity commodities. The Vendor has submitted a list of staff including key management who will be directly responsible for the implementation and operation of the Proposal.

The Vendor has correctly estimated the magnitude of effort and resources necessary to provide a Warehouse, has demonstrated the ability and willingness to resolve unforeseen problems that may arise, and has shown skill in anticipating and averting potential disruptions

Financial Stability and Capacity

The Vendor's ability to demonstrate suitable financial strength, stability and capacity to undertake a sophisticated and capital intensive Warehouse operation with very high degree of performance and in a timely manner will be reviewed on a qualified/disqualified basis. At a minimum, all Vendors that have been registered to do business for at least three years will furnish financial statements for the past three years with their bids. A more recently formed entity will provide other relevant financial materials to demonstrate its financial stability and capacity. The EC shall determine, in its own discretion, whether the documentation satisfies the requirements of this RFP or whether additional information is required. The Vendor agrees without reservation to submit to the audit and oversight requirements of the RFP.

Vendor Technical, Service, and Project Management Proposal

Vendors proposed Technical, Service and Project Management services shall be allocated a maximum of 20 points. The Vendor is able and committed to perform the IT requirements as set out in APPENDIX K according to specifications. The ability to understand, implement and support all MIS/computer/business protocols in a timely and skilled manner, and without excessive error; which includes the recognition that some errors, however slight or infrequent, carry the potential for severe disruption. To apply appropriate resources in establishing an acceptable level of business intercourse with the NHSLC and its Suppliers and Licensees, and to provide mechanisms for rapidly and effectively resolving errors and disruptions when they do occur. The Vendor has the ability to properly accept, inventory, Warehouse, manage, and track incoming and outgoing shipments of Product. The Vendor demonstrates the ability to achieve full cooperation and coordination with the NHSLC's transportation contractor(s), other Warehouse contractor(s), and the NHSLC-owned Warehouse in Concord.

Vendor Overall Solution

Vendor overall solution shall be allocated a maximum score of 20 points and shall be determined as follows. The EC will evaluate the ability of the Vendor to properly accept, inventory, Warehouse, manage, and track incoming and outgoing shipments of Product in the timeliest, efficient and cost effective manner. The Vendor must be open to accept inbound deliveries from 6 AM to 8 PM Monday through Friday. The Vendor must provide full cooperation, efficiency and coordination with the NHSLC's transportation contractor(s), other Warehouse contractor(s), and the NHSLC-owned

Warehouse in Concord. The Vendor must demonstrate suitable financial strength, stability and capacity to undertake a sophisticated and capital intensive Warehouse operation with a very high degree of performance and in a timely manner.

In addition to serving the NHSLC's current retail stores, the Vendor overall solution shall be responsive to the needs of on and off premises Licensees. The Vendor solution will anticipate growth in the number of retail stores, Licensees and Product as well as increasing complexity in the process.

The Vendor must be able to electronically report (via file transfer) real-time inventories for all SKUs in the NHSLC's Product inventory to the NHSLC 24 hours a day, 7 days a week, 365 days a year via computer file transfer. The Vendor must demonstrate the ability to handle the anticipated workload during periods of peak demand and/or inclement weather (consistent with reasonable safety criteria) without delay, disrupting stores, Licensees, Suppliers, or carriers.

Vendor will provide timely reports regarding out of stock occurrences with detail showing number of days out for the fiscal year and number of days out for each occurrence.

Moreover, the evaluation shall consider the following as well as any other portion of the Proposal which describes the Vendor's overall plan for fulfilling the requirements set forth in the RFP.

General Warehouse Requirements

[ ] size and case capacity
[ ] Temperature and climate control.
[ ] Security and Fire protection.
[ ] Single bottle picking capability, efficiency and technology
[ ] Storage capacity.
[ ] Lighting.
[ ] Facility is in suitable operational condition.
[ ] Facility has suitable materials-handling equipment.
[ ] Facility is able to fulfill the NHSLC's warehousing needs.

Access and Docking

[ ] Load/unload capacity for road vehicles.
[ ] Load/unload docking facilities.
[ ] Trailer storage area.
[ ] Protected trailer storage.
[ ] Dock approaches.

The solution should include a list of all equipment proposed or likely to be used in the operation (e.g. number of trucks, size of trucks, number of personnel, etc.)

<u>Vendor Pricing and Innovation</u>

The Vendor's Proposal will be allocated a maximum score of 40 points. **All rate and pricing information, including rates for alternate Proposals, must be bound and sealed separately from the remainder of the Proposal.**

The Vendor must provide a Proposal which secures for the NHSLC the highest revenue. One measure of revenue is an evaluation of the cost proposed by a Vendor. The Cost Proposal must include the Activities/Deliverables/Milestones Pricing Worksheet prepared using the format provided in APPENDIX D and APPENDIX D-1 – Pricing Worksheets and any discussion necessary to ensure understanding of data provided.

Another measure of revenue is a Proposal which contains revenue sharing. The Vendor shall describe any additional value-added services it will provide to the NHSLC both at the inception of the contract and in the future. An example of value added services is the sharing of bailment charges.

The Proposal must also identify advantages for the NHSLC's business partners/ customers. The Vendor must cooperate and coordinate with all Suppliers and the Transportation Contractor as well as entities that transport Product for licensees. The desired end result is that Product will be available in a timely manner and in the necessary amount at every state store and for every Licensee.

In order to properly evaluate each Proposal's cost, all factors shall be addressed and completed as requested without deviations in the primary Proposal. The EC will rank basic handling, bailment (storage) and accessorial Warehouse charges to the NHSLC, in total or by component, depending on the scenario the NHSLC chooses to pursue. The EC will evaluate additional charges or cost savings.

Vendors wishing to submit deviations from rate information requested in APPENDIX D and APPENDIX D-1 shall submit them as sealed, alternate Proposals

Vendor References

The Vendor will provide three detailed references from individuals who have personal knowledge of the Vendor's history and experience. Include references from customers for whom you have performed services similar in nature to those requested in this RFP, listing names, addresses, telephone numbers and contact persons.

Exel and the New Warehouse Operation

Exel is part of the Supply Chain Division of Deutsche Post DHL, the world's leading logistics group and the parent company of DHL. Exel is the Division that will be responsible for the new warehouse in New Hampshire.

Exel has a proven track record of designing and operating customized warehouses that allow for decreased inventory, increased fill-rates, and quick response to changes in customer demand. Learn more at http://www.exel.com/exel/exel_warehousing.jsp.

Compared to the rates in the current contract, in the first thirty months of the new contract, the NHLC projects approximately $3 million in savings as a result of enhanced operations. The projection for business partners and consumers is approximately $4 million in savings during this same time period.

The new building will be located in Bow. Exel expects to employ approximately 50 people, most expected to be New Hampshire residents.

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Monday, November 19, 2012 4:44 PM
To: Craig W. Bulkley
Cc: Lynn S Anderson (Exel US); Greg Foreman (EXEL US); Fred Takavitz (Exel US)
Subject: FW: Revised release
Attachments: warehouse contract award_release_11 19 12_nhlc v3.doc

Here are our suggested changes to the press release. Please give me a call if there are any questions.

The main changes include putting our standard boilerplate on Exel at the end of the release and correspondingly taking mention of Deutsch Post out of the main body. We would also prefer not to mention specific customer's names.

Lynn will be our contact for media enquiries. Her contact information is listed below.

Cheers,

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Lynn S Anderson (Exel US)
Sent: Monday, November 19, 2012 4:13 PM
To: Scott Lyons (EXEL CA); Greg Foreman (EXEL US); Fred Takavitz (Exel US)
Subject: Revised release

Here you go. Boilerplate on Exel is now at the end, after the text of the release.

Thanks,

Lynn

Lynn S Anderson
VP Communications

Exel Supply Chain
570 Polaris Pkwy | Westerville OH 43082 | USA

614.865.8901 | office
614 [redacted] | mobile

lynn.s.anderson@exel.com

www.exel.com

STATE LIQUOR & WINE OUTLET STORES
NH LIQUOR COMMISSION

November 20, 2012
Joseph W. Mollica, Chairman | Michael R. Milligan, Commissioner

Contact: Craig Bulkley
(603) 230-7010
cbulkley@liquor.state nh.us

NEW HAMPSHIRE LIQUOR COMMISSION AWARDS TWENTY-YEAR WAREHOUSE SERVICES CONTRACT TO EXEL~~,~~ INC.

New Facility in Bow Will Begin Shipping in November of 2013

CONCORD, NH – The New Hampshire Liquor Commission (NHLC) announced today that the twenty-year warehouse services contract has been awarded to Exel~~,~~ Inc. (Exel). The contract term of twenty years was established to allow for vendor financing and to attract world-class bidders, both nationally and internationally. The new contract, which goes into effect in November of 2013, is expected to result in significant savings to the New Hampshire Liquor Commission, its business partners and consumers.

“This contract award is a significant milestone in enhancing the service and revenue we provide to the State of New Hampshire,” stated NHLC Chairman Joseph Mollica. “The efficiencies and service advances provided by Exel will substantially upgrade our operations and bolster our competitive advantage.”

Compared to the rates in the current contract, in the first thirty months of the new contract, the NHLC projects approximately $3 million in savings as a result of reduced costs. The projection for business partners and consumers is approximately $4 million in savings during this same period of time.

Exel is based in Westerville, Ohio, and is ~~owned by Deutsche Post DHL,~~ a recognized world leader in contract logistics and supply chain management. ~~As a part of the DHL Supply Chain,~~ Exel provide~~s~~ s supply chain design, consulting, warehousing, fulfillment, and transportation services ~~to~~to help companies be more productive, more efficient and more competitive. Exel has established itself as the country’s leading logistics provider through work for clients that include some of the largest and most successful retail and consumer goods companies~~Clients include General Mills, Johnson & Johnson, Hewlett-Packard and Dell.~~

Formatted: Font: 10.5 pt, Font color: Black

Formatted: Font:

As the new warehouse services provider, Exel will now move forward with improvement plans which include a new warehouse site, state-of-the-art systems, and a building designed specifically for the needs of the NHLC and its customers. The new warehouse will be located in Bow and is scheduled to begin shipping on November 1, 2013. The 50,000 square foot warehouse on Storrs Street in Concord owned by the NHLC will remain in service. In total, the warehouse system will store, manage, and distribute over 10,000 individual SKUs of wines and spirits.

~~QUOTE FROM EXEL HERE~~”We are excited about this opportunity to bring our experience and expertise to the warehousing services of the New Hampshire Liquor Commission,” said Fred Takavitz, Senior Vice President, Exel. “We look forward to further enhancing the success of these operations, which in turn ensures the success of the service and revenue provided to the State of New Hampshire by the NHLC.”

Exel was selected from five vendors that submitted proposals. All five vendors proposed a new warehouse site, emphasizing a smooth transition as an important requirement. The evaluation criteria included considerations such as vendor experience, pricing, financial stability, transition, information systems, service and innovation. The bid process was intensive and required the vendors to make competitive adjustments in order to stay in contention. At the conclusion of a thorough decision process, the Commission unanimously agreed that Exel provided the best overall solution.

The NHLC acknowledges with gratitude its long-term working relationship with Law Warehouses.

- more -

About the New Hampshire Liquor Commission
The NHLC operates retail locations throughout the Granite State and serves more than 10 million customers each year. Visit www.LiquorandWineOutlets.com to locate a store, search for product availability, learn about monthly sales, review wine tasting schedules, and sign up to receive exclusive savings with monthly Email Extras. More than $2.4 billion in net profits has been raised since the first store opened in 1934. NHLC is expecting to net an additional $1 billion for the state in the next eight years.

About Exel
Exel is the North American leader in contract logistics, providing customer-focused solutions to a wide range of industries including automotive, consumer, retail, engineering and manufacturing, life sciences and healthcare, technology, energy and chemicals. Exel's innovative supply chain solutions, skilled people and regional coverage bring together all aspects of contract logistics in addition to a wide range of integrated, value-added and specialist services. Exel is a wholly owned entity of Deutsche Post DHL, the world's leading logistics group. For more information, visit www.exel.com.

Formatted: Font: Times New Roman, 10.5 pt, Underline

Formatted: Font: Times New Roman, 10.5 pt

Formatted: Font: 10.5 pt

Formatted: Font: Times New Roman, 10.5 pt

###

Document Attached: Media Fact Sheet

From: Mary K. Sartwell <mary.sartwell@liquor.state.nh.us>
Sent: Monday, November 19, 2012 12:41 PM
To: Lynn S Anderson (Exel US); Scott Lyons (EXEL CA)
Cc: Craig W. Bulkley; John D. Bunnell; Stephen J. Judge; Richard Gerrish
Subject: RE: Press Release
Attachments: warehouse contract award_release_11.19.12_nhlc.doc

Lynn & Scott, attached is the draft release for your review and input. Thanks.

Mary K. Sartwell
Director of Advertising
New Hampshire Liquor Commission
Telephone: 603-230-7087
LiquorandWineOutlets.com
facebook.com/nhliquorwine
twitter.com/nhliquorwine

Please consider the environment before printing this e-mail.

From: Lynn S Anderson (Exel US) [mailto:lynn.s.anderson@exel.com]
Sent: Monday, November 19, 2012 9:09 AM
To: Mary K. Sartwell
Subject: RE: Press Release

Thanks Mary,

If you could send the release my way when it is ready, we'll work to get a quote back to you right away.

Best Regards,
Lynn

Lynn S Anderson
VP Communications

Exel Supply Chain
570 Polaris Pkwy | Westerville OH 43082 | USA

614.865.8901 | office
614 [redacted] | mobile

lynn.s.anderson@exel.com

www.exel.com

From: Mary K. Sartwell [mailto:mary.sartwell@liquor.state.nh.us]
Sent: Friday, November 16, 2012 4:17 PM
To: Scott Lyons (EXEL CA); Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); John D. Bunnell; Stephen J. Judge
Subject: RE: Press Release

Lynn, I just left you a voicemail in the office that we're looking for a quote from Exel for our press release. I expect to have a revised draft on Monday morning that I can send to you. Have a nice weekend.

Mary K. Sartwell
Director of Advertising
New Hampshire Liquor Commission
Telephone: 603-230-7087
LiquorandWineOutlets.com
facebook.com/nhliquorwine
twitter.com/nhliquorwine

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Friday, November 16, 2012 2:58 PM
To: Craig W. Bulkley
Cc: Mary K. Sartwell; Fred Takavitz (Exel US); Lynn S Anderson (Exel US)
Subject: RE: Press Release

You can reach Lynn Anderson at:

- 614 865-8901 (office)
- 614 [redacted] (cell)
- Email listed above

Cheers,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, November 16, 2012 2:49 PM
To: Scott Lyons (EXEL CA)
Cc: Mary K. Sartwell
Subject: Press Release

Scott:

Mary Sartwell handles our PR and press releases. She would like to speak with the appropriate person at your end as soon as possible. Please pass the contact information on to her. Thanks.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

CONFIDENTIALITY NOTICE

November 20, 2012
Joseph W. Mollica, Chairman | Michael R. Milligan, Commissioner

Contact: Craig Bulkley
(603) 230-7010
cbulkley@liquor.state.nh.us

NEW HAMPSHIRE LIQUOR COMMISSION AWARDS TWENTY-YEAR WAREHOUSE SERVICES CONTRACT TO EXEL, INC.

New Facility in Bow Will Begin Shipping in November of 2013

CONCORD, NH – The New Hampshire Liquor Commission (NHLC) announced today that the twenty-year warehouse services contract has been awarded to Exel, Inc. (Exel). The contract term of twenty years was established to allow for vendor financing and to attract world-class bidders, both nationally and internationally. The new contract, which goes into effect in November of 2013, is expected to result in significant savings to the New Hampshire Liquor Commission, its business partners and consumers.

"This contract award is a significant milestone in enhancing the service and revenue we provide to the State of New Hampshire," stated NHLC Chairman Joseph Mollica. "The efficiencies and service advances provided by Exel will substantially upgrade our operations and bolster our competitive advantage."

Compared to the rates in the current contract, in the first thirty months of the new contract, the NHLC projects approximately $3 million in savings as a result of reduced costs. The projection for business partners and consumers is approximately $4 million in savings during this same period of time.

Exel is based in Westerville, Ohio, and is owned by Deutsche Post DHL, a recognized world leader in contract logistics and supply chain management. As a part of the DHL Supply Chain, Exel provides supply chain design, consulting, warehousing, fulfillment, and transportation services to help companies be more productive, more efficient and more competitive. Clients include General Mills, Johnson & Johnson, Hewlett-Packard and Dell.

As the new warehouse services provider, Exel will now move forward with improvement plans which include a new warehouse site, state-of-the-art systems, and a building designed specifically for the needs of the NHLC and its customers. The new warehouse will be located in Bow and is scheduled to begin shipping on November 1, 2013. The 50,000 square foot warehouse on Storrs Street in Concord owned by the NHLC will remain in service. In total, the warehouse system will store, manage, and distribute over 10,000 individual SKUs of wines and spirits.

QUOTE FROM EXEL HERE

Exel was selected from five vendors that submitted proposals. All five vendors proposed a new warehouse site, emphasizing a smooth transition as an important requirement. The evaluation criteria included considerations such as vendor experience, pricing, financial stability, transition, information systems, service and innovation. The bid process was intensive and required the vendors to make competitive adjustments in order to stay in contention. At the conclusion of a thorough decision process, the Commission unanimously agreed that Exel provided the best overall solution.

The NHLC acknowledges with gratitude its long-term working relationship with Law Warehouses.

- more -

About the New Hampshire Liquor Commission

The NHLC operates retail locations throughout the Granite State and serves more than 10 million customers each year. Visit www.LiquorandWineOutlets.com to locate a store, search for product availability, learn about monthly sales, review wine tasting schedules, and sign up to receive exclusive savings with monthly Email Extras. More than $2.4 billion in net profits has been raised since the first store opened in 1934. NHLC is expecting to net an additional $1 billion for the state in the next eight years.

###

Document Attached: Media Fact Sheet

From: Craig W. Bulkley <cbulkley@liquor.state.nh.us>
Sent: Friday, December 07, 2012 5:38 PM
To: Nicholas K. Holmes
Subject: FW: Exel Emails - Part II
Attachments: Fw: UPS Ship Notification, Tracking Number 1ZX804800192720105; FW: Exel Inc. - NH Cert; RE: Press Release; RE: Press Release; RE: Signed agreement page; RE: Signed agreement page; RE: Signed agreement page; Signed agreement page; Exhibit C Final; Finalized Exhibits A, B, F

Categories: Green Category

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Craig W. Bulkley
Sent: Friday, December 07, 2012 4:58 PM
To: Stephen J. Judge; Judge, Steve
Cc: Craig W. Bulkley
Subject: Exel Emails - Part II

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, November 16, 2012 4:42 PM
To: Craig W. Bulkley
Subject: Fw: UPS Ship Notification, Tracking Number 1ZX804800192720105
Attachments: NH State Liquor Commision General Provisions.pdf

FYI...

Scott Lyons

Telephone: 905 366-7691
Mobile: 416[redacted]

www.exel.com

From: Maria Tzagournis (EXEL US)
Sent: Saturday, November 17, 2012 05:30 AM
To: Scott Lyons (EXEL CA); Fred Takavitz (Exel US)
Subject: FW: UPS Ship Notification, Tracking Number 1ZX804800192720105

Maria Tzagournis
Senior Director - Commercial Contract Management
DHL Exel Supply Chain
570 Polaris Parkway
Westerville, OH 43082

Office +1.614.865.8594
Mobile +1.614[redacted]
Fax +1.614.865.8879
maria.tzagournis@us.exel.com

From: Luana Watkins (EXEL US)
Sent: Friday, November 16, 2012 3:45 PM
To: Maria Tzagournis (EXEL US); Rob Whipple (Exel US)
Subject: FW: UPS Ship Notification, Tracking Number 1ZX804800192720105

Attached is the document as well as the tracking information for NHSLC.

Kind regards,

Luana Watkins
Commercial Contract Analyst

Exel

570 Polaris Parkway
Westerville, OH 43082
Ph +1 614 865 8288
Fax +1 614 865 8879
luana.watkins@exel.com

From: UPS Quantum View [mailto:auto-notify@ups.com]
Sent: Friday, November 16, 2012 3:42 PM
To: Luana Watkins (EXEL US)
Subject: UPS Ship Notification, Tracking Number 1ZX804800192720105

This message was sent to you at the request of EXEL INC to notify you that the electronic shipment information below has been transmitted to UPS. The physical package(s) may or may not have actually been tendered to UPS for shipment. To verify the actual transit status of your shipment, click on the tracking link below or contact EXEL INC directly.

Important Delivery Information

Scheduled Delivery: 19-November-2012

Shipment Detail

Ship To:
CRAIG W BULKLEY
NH STATE LIQUOR COMMISSION
50 STORRS ST
CONCORD
NH
033014837
US

Number of Packages: 1

UPS Service:	NEXT DAY AIR
Shipment Type:	Letter
Tracking Number:	1ZX804800192720105
Reference Number 1:	01.9050.9001.7222.78.000

Click here to track if UPS has received your shipment or visit

http://www.ups.com/WebTracking/track?loc=en_US
on the Internet.

Subject: Warehouse Services for Wine & Spirits and Related Products (RFP 2012-14)

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATIONS.

1.1 State Agency Name New Hampshire State Liquor Commission	1.2 State Agency Address P.O. Box 503. 50 Storrs St., Concord, NH 03302-0503
1.3 Contractor Name Exel Inc.	1.4 Contractor Address 570 Polaris Parkway, Westerville, Ohio 43802
1.5 Contractor Phone Number 614-865-8279 — 1.6 Account Number 02-77-77-77	1.7 Completion Date October 31, 2033 — 1.8 Price Limitation
1.9 Contracting Officer for State Agency Craig W. Bulkley, Chief of Administration	1.10 State Agency Telephone Number 603-230-7010
1.11 Contractor Signature James Gehr	1.12 Name & Title of Contractor Signatory Jim Gehr, President, Retail

1.13 Acknowledgment: State of Ohio, County of Delaware On, Nov. 15 2012, before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.

1.13.1 Signature of Notary Public or Justice of the Peace

(Seal) Kimberly A Graham

CONTRACTS NOV 1_ 2012 APPROVED

1.13.2 Name and Title of Notary Public or Justice of the Peace
Kimberly A. Graham
Notary Public, State of Ohio
My Commission Expires 08-20-2016

1.14 State Agency Signature	1.15 Name/Title of State Agency Signatory Joseph W. Mollica, Chairman Michael R. Milligan, Commissioner

1.16 Approval by the N.H. Department of Administration, Division of Personnel *(if applicable)*
By: Director, On:

1.17 Approval by Attorney General (Form, Substance, and Execution)
By: On:

1.18 Approval by Governor and Council
By: On:

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/ COMPLETION OF SERVICES.
3.1. Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement, ("Effective Date")
3.2. If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contrctor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Sercives by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.
Notwithstanding any provision of this Agrement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/ PAYMENT.
5.1. The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.
5.2. The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.
5.3. The State reserves the right to offset from any amounts otherwise payable to the Contactor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.
5.4. Notwithstanding any provision in this Agrement to the contrary, and notiwthstanding unexpected circumstances, in no event shall the total of all payment authorized, or actually made hereunder, exceed the Price Limitaion set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/EQUAL EMPLOYMENT OPPORTUNITY.
6.1. In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.
6.2. During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.
6.3. If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplement by the regulations of the United State Department of Labor (41 C.F.R. Part 60), and with any rules, regulation and guidelines as the State New Hamphire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.
7.1. The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.
7.2. Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other persons, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.
7.3. The Contracting Officer specified in block 1.9, or his or her sucessor, shall be the State'e representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

Contractor Initials JCA
Date 11-15-12

Kimberly A. Graham
Kimberly A. Graham
Notary Public, State of Ohio
My Commission Expires 08-20-2016

8. EVENT OF DEFAULT/REMEDIES.

8.1. Any one or more of the following acts or ommissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1. failure to perform the Services satisfactorily or on schedule;

8.1.2. failure to submit any report required hereunder; and/or

8.1.3. failure to perform any other covenant, term or condition of this Agreement.

8.2. Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1. give the contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absense of a greater or lesser specification of time, thirty (30) days from the date of the notice, and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2. give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3. set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Defauls; and/or.

8.2.4. treat the Agreement as breached and pursue any of its remedies at law or in equity, or both

9. DATA/ACCESS/CONFIDENTIALITY/ PRESEVATION.

9.1. As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulea, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda papers, and documents, all whether finished or unfinished.

9.2. All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon terminaiton of this Agreement for any reason .

9.3. Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. CONTRACTOR'S RELATION TO THE STATE.

In the performance of this Agreement the Contractor is in all respects and independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS.

The contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. INDEMNIFICATION. The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitutue a waiver of the sovereign immunity of the State, which immunity is hereby resevced to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1. The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1. Comprehensive general liability insurance against all claims of bodily injury, death or property damage in amounts of not less than \$250,00 per claim and \$2,000,000 per occurrence: and

14.1.2. fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2. The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance and issued by insurers licensed in the State of New Hampshire

Contractor Initials KG
Date 11-15-12

Kimberly A. Graham
Kimberly A. Graham
Notary Public, State of Ohio
My Commission Expires 08-20-2016

14.3. The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under the Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modified of the policy.

15. WORKER'S COMPENSATION.
15.1. By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance, with or exempt from, the requirements of N.H. RSA chapter 281-A *("Workers' Compensation")*
15.2. To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer indentified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH No failure by the State to enforce any provisions herof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default;, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE Any notice by a party hereto to the pther party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an intrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

19. CONSTRUCTION OF AGREEMENT AND TERMS. This agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein be reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

Contractor Initials
Date 11-15-12

Kimberly A. Graham
Kimberly A. Graham
Notary Public, State of Ohio
My Commission Expires 08-20-2016

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, November 16, 2012 4:21 PM
To: Craig W. Bulkley
Subject: FW: Exel Inc. - NH Cert

Looks like we will take you up on your very kind offer to pick up the certificate of good standing. Please see below.

If this is an issue please let me know.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Leslie DeMarco (EXEL US)
Sent: Friday, November 16, 2012 4:12 PM
To: Scott Lyons (EXEL CA); Rob Whipple (Exel US)
Subject: RE: Exel Inc. - NH Cert

It's arranged. A new certificate will be issued by the NH Secretary of State's office on Monday and they will hold for pick-up by Craig.

From: Scott Lyons (EXEL CA)
Sent: Friday, November 16, 2012 3:35 PM
To: Leslie DeMarco (EXEL US); Rob Whipple (Exel US)
Subject: RE: Exel Inc. - NH Cert

Order the new one and Craig Bulkley kindly offered to pick it up. I assume their offices are in Concord.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Leslie DeMarco (EXEL US)
Sent: Friday, November 16, 2012 3:34 PM
To: Scott Lyons (EXEL CA); Rob Whipple (Exel US)
Subject: RE: Exel Inc. - NH Cert

I attempted to go this route but NH is a state that does NOT offer expedited services for their corporate documents. If we order a new one, they quote 3-5 business days.

From: Scott Lyons (EXEL CA)
Sent: Friday, November 16, 2012 3:32 PM
To: Leslie DeMarco (EXEL US); Rob Whipple (Exel US)
Subject: RE: Exel Inc. - NH Cert

It needs to be in their offices by Tuesday morning.

If we cannot guarantee this then we need to get them to issue a new document and send directly to Craig for Monday.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Leslie DeMarco (EXEL US)
Sent: Friday, November 16, 2012 3:30 PM
To: Scott Lyons (EXEL CA); Rob Whipple (Exel US)
Subject: RE: Exel Inc. - NH Cert

Scott,

The original has already left CT's offices in NH. It was mailed out to my attention on 11/15.

Upon receipt, it will be overnighted to Craig's attention for next morning delivery.

Leslie

From: Mary K. Sartwell <mary.sartwell@liquor.state.nh.us>
Sent: Friday, November 16, 2012 4:17 PM
To: Scott Lyons (EXEL CA); Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Lynn S Anderson (Exel US); John D. Bunnell; Stephen J. Judge
Subject: RE: Press Release

Lynn, I just left you a voicemail in the office that we're looking for a quote from Exel for our press release. I expect to have a revised draft on Monday morning that I can send to you. Have a nice weekend.

Mary K. Sartwell
Director of Advertising
New Hampshire Liquor Commission
Telephone: 603-230-7087
LiquorandWineOutlets.com
facebook.com/nhliquorwine
twitter.com/nhliquorwine

Please consider the environment before printing this e-mail.

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Friday, November 16, 2012 2:58 PM
To: Craig W. Bulkley
Cc: Mary K. Sartwell; Fred Takavitz (Exel US); Lynn S Anderson (Exel US)
Subject: RE: Press Release

You can reach Lynn Anderson at:

- 614 865-8901 (office)
- 614 [redacted] (cell)
- Email listed above

Cheers,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, November 16, 2012 2:49 PM
To: Scott Lyons (EXEL CA)
Cc: Mary K. Sartwell
Subject: Press Release

Scott:

Mary Sartwell handles our PR and press releases. She would like to speak with the appropriate person at your end as soon as possible. Please pass the contact information on to her. Thanks.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, November 16, 2012 2:58 PM
To: Craig W. Bulkley
Cc: Mary K. Sartwell; Fred Takavitz (Exel US); Lynn S Anderson (Exel US)
Subject: RE: Press Release

You can reach Lynn Anderson at:

- 614 865-8901 (office)
- 614 [redacted] (cell)
- Email listed above

Cheers,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, November 16, 2012 2:49 PM
To: Scott Lyons (EXEL CA)
Cc: Mary K. Sartwell
Subject: Press Release

Scott:

Mary Sartwell handles our PR and press releases. She would like to speak with the appropriate person at your end as soon as possible. Please pass the contact information on to her. Thanks.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, November 15, 2012 2:34 PM
To: Craig W. Bulkley
Subject: RE: Signed agreement page

Sorry – BB error I did not see the bottom part of your note.

I don't have any further information from what Fred relayed before he left. We are working on it and I will let you know of any updates before I step on the plane at 4:30.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Thursday, November 15, 2012 2:30 PM
To: Scott Lyons (EXEL CA)
Subject: RE: Signed agreement page

Perhaps I wasn't clear in my last email – do you have any idea when the electronic signed copy is coming our way?

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, November 15, 2012 2:10 PM
To: Craig W. Bulkley
Subject: RE: Signed agreement page

Thanks.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Thursday, November 15, 2012 2:08 PM
To: Scott Lyons (EXEL CA); Judge, Steve
Subject: RE: Signed agreement page

Send the originals overnight to me at:

NH State Liquor Commission
50 Storrs Street
Concord, NH 03301

Any word on when the signed copy will be emailed? Today?

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, November 15, 2012 2:05 PM
To: Judge, Steve
Cc: Craig W. Bulkley
Subject: Signed agreement page

To whom should we send the original documents – your office or Craig's office.

Thanks,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario

L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, November 15, 2012 2:10 PM
To: Craig W. Bulkley
Subject: RE: Signed agreement page

Thanks.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Thursday, November 15, 2012 2:08 PM
To: Scott Lyons (EXEL CA); Judge, Steve
Subject: RE: Signed agreement page

Send the originals overnight to me at:

NH State Liquor Commission
50 Storrs Street
Concord, NH 03301

Any word on when the signed copy will be emailed? Today?

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, November 15, 2012 2:05 PM
To: Judge, Steve

Cc: Craig W. Bulkley
Subject: Signed agreement page

To whom should we send the original documents – your office or Craig's office.

Thanks,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

From: Craig W. Bulkley <cbulkley@liquor.state.nh.us>
Sent: Thursday, November 15, 2012 2:08 PM
To: Scott Lyons (EXEL CA); Judge, Steve
Subject: RE: Signed agreement page

Send the originals overnight to me at:

NH State Liquor Commission
50 Storrs Street
Concord, NH 03301

Any word on when the signed copy will be emailed? Today?

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, November 15, 2012 2:05 PM
To: Judge, Steve
Cc: Craig W. Bulkley
Subject: Signed agreement page

To whom should we send the original documents – your office or Craig's office.

Thanks,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416[redacted]

www.exel.com

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, November 15, 2012 2:05 PM
To: Judge, Steve
Cc: Craig W. Bulkley
Subject: Signed agreement page

To whom should we send the original documents – your office or Craig's office.

Thanks,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, November 15, 2012 12:08 PM
To: Judge, Steve
Cc: Craig W. Bulkley
Subject: Exhibit C Final
Attachments: EXHIBIT C - Final.docx

Final version of exhibit C.

Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

EXHIBIT C

1. Certificate of Vote

This authorization notification must be consistent with Contractor's corporate structure and must accompany the contract.

An officer of the company, name and title, must certify that the person signing the contract has been given the authority to do so. That authority must be in effect the day the contract is signed. The certifying official must not be certifying him or herself, unless it is a sole proprietorship.

The document must certify that:

A. The signature of Jim Gehr, President, Retail of the Corporation affixed to any Proposal shall bind the corporation to its terms and conditions.

B. The foregoing signature authority has not been revoked, annulled or amended in any manner whatsoever, and remains in full force and effect as of the date of the contract.

2. Warehouse License

Contractor shall produce a current License on demand by the NHSLC. Such demand shall provide the Contractor with a reasonable opportunity to acquire a license.

3. The Agreement is amended as follows:

Delete Paragraphs 1.16 and 1.18

Delete paragraph 3.1 and substitute the following:

Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the New Hampshire State Liquor Commission, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Attorney General approves this Agreement as to form, substance and execution ("Effective Date").

DELETE PARAGRAPH 4 AND INSERT:

4. STATE FUNDING.

4.1. In the event the State has insufficient funds available to itself make continued payments under the Agreement for any Services for which the State is responsible for payment, including but not limited to, Services that carry fees to the State such as bottle picking and handling of NHSLC Product, the State will immediately:

4.1.1. Fully exercise all authority to transfer funds within NHSLC's budget and any other funds available to NHSLC, including without limitation, NHSLC's authority to transfer funds under N.H. RSA 176:16, V and any revolving accounts or funds; and

4.1.2. Use best efforts and in good faith seek the necessary funding from the General Court and other governmental authorities to fulfill its obligation to make continued payments under the Agreement; and,

4.1.3 The State must immediately provide Contractor with written notice of any such funding shortfall.

4.2. Contractor may cease providing Services to the State for which the State cannot or fails to make payment, and will not be obligated to resume provision of Services to the State if funding for continued payments under the Agreement is not obtained, including without limitation, funding for any arrearages.

4.3 Notwithstanding the foregoing or any provision of this Agreement to the contrary,the Agreement will remain in effect for the full term of the Agreement, and any extensions thereof, and Contractor may continue to provide Services to others such as Licensees, Suppliers, and Vendors.

Delete 5.2

INSERT NEW 5.2:

5.2

(a) Rates. The Warehouse Service Charges listed in Exhibit F are valid for the initial thirty (30) months of the contract: from November 1, 2013 until April 30, 2016.

(b) Rate Changes. The Warehouse Service Charges shall be reviewed starting one-hundred and twenty (120) days prior to the end of the first and each subsequent thirty (30) month period and may be adjusted effective at the beginning of such thirty (30) month period. Any party requesting a change in rates shall submit a comprehensive proposal providing detailed support for the requested change. Such adjusted Rates, even if agreed to after the beginning of a thirty (30) month period, will become effective, unless otherwise agreed, as of the first day of such thirty (30) month period.

(c) Operating Parameters or Scope of Service Changes. In addition to (b) above, after April 30, 2016, if during any year of this Agreement the Services or Operating Parameters vary to such a degree (greater than 10%) that either Party in good faith believes that a Rate adjustment(s) (whether an increase or decrease) is/are equitable, it shall notify the other Party of the same, and the Parties shall endeavor in good faith to mutually agree upon a temporary or permanent adjustment as promptly as possible.

Any party requesting a change in rates shall submit a comprehensive proposal providing detailed support for the requested change.

1. The Warehouse Service Charges valid for the initial thirty (30) months of the contract are based on the Services, and Operating Parameters as outlined in the Agreement and Exhibit A.

(d) Any Rate change(s) or adjustment(s) agreed by the Parties pursuant to subparagraph (b) and/or (c) above shall be reflected in an amendment to the Agreement, dated and signed by each Party.

(e) The failure of either party to propose or negotiate Rate change(s) or adjustment(s) in good faith is grounds for termination of the contract. The failure of the Parties to mutually agree upon Rate change(s) or adjustment(s) is not grounds for termination. If the parties are not able to mutually agree upon a rate change(s) or adjustment(s), then either party may invoke the Contract Protest Process.

Delete 5.4

ADD to Paragraph 6.2

Between "affirmative action" and "to prevent" insert the phrase "as required by applicable law."

ADD to the end of paragraph 7.3

Notwithstanding the foregoing or any provision of the Agreement to the contrary, Contractor retains the right to pursue any of its remedies, both at law and in equity.

<u>DELETE PARAGRAPH 8</u>

INSERT NEW PARAGRAPH 8:

8. EVENT OF MATERIAL BREACH/REMEDIES.

Either party may terminate the Agreement and/or pursue its remedies at law and in equity for the material breach of the Agreement by the other party. The injured party shall give the other party written notice of such material breach. If there has been a failure to cure such material breach within thirty (30) business days after receipt of such notice by the other party, the Parties shall utilize the Contract Protest Process set out in paragraph 25. Provided, however, in the event of a material breach of the Agreement which necessitates the State to obtain temporary substitute warehouse services, the notice requirement shall be no less than twenty-four (24) hours.

DELETE PARAGRAPH 10

In paragraph 12, delete the reference to N.H. Department of Administrative Services and substitute New Hampshire State Liquor Commission.

Amend Paragraph 14.1.1 by adding after "insurance" and before "against" the following phrase, "with the State named as an additional insured."

Delete Paragraph 14.1.2

Amend Paragraph 14 by adding Subparagraph 14.1.3 as follows:

14.1.3 All Risk insurance coverage including but not limited to flood, fire and extended coverage solely for goods on hand belonging to the NHSLC in an amount of $2 million per occurrence. The All Risk insurance shall cover 100 % of NHSLC's Replacement Cost (defined as the NHSLC's purchase price for such goods plus related storage and transportation costs, if any). In the event of a claim payment; insurer or Contractor agrees to make payment directly to NHSLC. A certificate of insurance demonstrating compliance with the requirements of this Paragraph 14 shall be provided to NHSLC upon request.

Amend Paragraph 14.3 by deleting the last sentence and replacing it with the following sentence, "The Contractor shall endeavor to provide the Contracting Officier identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

Amend Paragraph 14 by adding Subparagraphs 14.1.4-14.1.7 as follows:

14.1.4 Performance Bond. Upon final approval of this Agreement, Contractor shall provide to NHSLC in a form satisfactory to NHSLC, a Performance Bond in the amount of Two Million Dollars ($2,000,000.00), which shall be retained by the NHSLC until the Completion Date. At the end of the first thirty (30) month period and at any point thereafter upon mutual agreement the amount of the Performance Bond may be adjusted.

14.1.5 The Contractor Warehouse shall be fully bonded and registered with the State of New Hampshire as a public warehouse to the extent required by applicable state law. A copy of such registration shall be provided to NHSLC upon request.

14.1.6 Once a license is issued, the Contractor shall maintain a warehouse license to the extent required by applicable law.

14.1.7 Transition Bond for completion of all necessary items to make the facility fully operational on or before October 31, 2013. Prior to October 1, 2013, Contractor shall provide to NHSLC in a form satisfactory to NHSLC, a Transition Bond in the amount of Three Million Dollars ($3,000,000.00), which shall be retained by the NHSLC until January 31st, 2014.

AMEND PARAGRAPH 16 as follows:

Add “or Contractor” after “the State” in both sentences. Strike “on the part of the Contractor” at the end of the paragraph. In addition, the phrase “Event of Default” where it occurs in this paragraph is amended to read “Material Breach”.

In paragraph 18, strike the phrase “and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.”

Add the following new paragraphs:

25. Contract Protest Process

The Parties shall use the Contract Protest Process to resolve any dispute with respect to the Agreement

The Issuing Officer, or his or her successor, shall be the NHSLC’s representative.

Prior to the filing of any formal proceedings with respect to a dispute (other than an action seeking injunctive relief with respect to intellectual property rights), the party believing itself aggrieved (the “Invoking Party”) shall call for dispute negotiation by written notice to the other party. Such notice shall be without prejudice to the Invoking Party’s right to any other remedy permitted by this Agreement.

The parties shall use all reasonable efforts to arrange personal meetings and/or telephone conferences as needed, at mutually convenient times and places, between negotiators for the parties.

In the event that the Parties are unable to reach agreement after good faith negotiations, the parties may agree to utilize a Mediator with experience in the issue in dispute. The selection of the Mediator shall be by mutual agreement of the Parties. The decision by such Mediator shall be non-binding and not evidence in any further proceeding. Following the decision of the Mediator, if any, the matter shall be submitted to the NHSLC for a determination following a hearing. The resulting Order may be appealed pursuant to RSA 541

26. Contract Transition Period

If this contract expires or is terminated before a Vendor is selected and prepared to provide Warehouse services to the NHSLC, Contractor agrees to continue the services described under the current contract for up to 9 months at the prices to be negotiated by the parties.

Contractor also agrees, at the discretion of the NHSLC, to assist the NHSLC in all transition services including, but not limited to the following:

Before transition can begin, the new Vendor must meet all the specifications of the future RFP in actuality and/or demonstrate the ability, using dummy transactions provided by the NHSLC, to interface with the NHSLC's computer and business systems on a magnitude consistent with actual conditions.

All costs associated with the transfer of Product and control from the existing Warehouse (s) ("old") to the Warehouse of the successful Vendor ("new"), including, but not limited to, shipping, handling and transportation, shall be borne by the NHSLC or the defaulted Contractor.

The NHSLC, in conjunction with both "old" and "new" Warehouses, shall establish a deadline for the transfer of all Product to the "new" Warehouse. The NHSLC will, if possible, select a period during a time of slow sales (such as January-March) and schedule as short a period as is practical for the transfer of all Product from the "old" to the "new" Warehouse. Notification of the deadline will be given within a reasonable period, to be arranged with the Vendor and existing Contractor at award.

The NHSLC shall determine when Product is to be transferred. At no time during transfer shall the same brand code be distributed from more than one Warehouse.

As Product is depleted or transferred from the "old" Warehouse, Product overages and shortages shall be reconciled to determine a net financial obligation among the NHSLC, the "old" Warehouse and the Product Vendor. The NHSLC shall observe and audit the transfer proceedings. Overages will be transferred to the "new" Warehouse as normal inventory or to the Product Vendor if the code is no longer a bailment item. Overages and Shortages shall be resolved between the Warehouse and the Product Vendor, or NHSLC if the Product is owned by the NHSLC, at cost upon invoicing.

27 Assignment Provision

Contractor hereby agrees that it will assign all causes of action that it may acquire under the antitrust laws of the State of New Hampshire and the United States as a result of conspiracies, combinations, or contracts in restraint of trade which affect the price of goods or services obtained by the NHSLC under this contract if so requested by the State of New Hampshire.

28 <u>News Releases</u>

After award and final approval, the Vendor may make public the existence of the contract and the business relationship with the NHSLC. All other information must be approved by the NHSLC before it is made public, such approval not to be unreasonably withheld.

29 Confidentiality/Sensitive Information

Contractor may have access to confidential/sensitive information in the course of performing its obligations under the contract, and may be required to sign a mutually agreed upon confidentiality agreement.

END OF EXHIBIT C

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, November 15, 2012 12:00 PM
To: Judge, Steve
Cc: Craig W. Bulkley; Fred Takavitz (Exel US); Greg Foreman (EXEL US); Rob Whipple (Exel US)
Subject: Finalized Exhibits A, B, F
Attachments: EXHIBIT F - Final.docx; EXHIBIT A - Final.docx; EXHIBIT B - Final.docx

Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

EXHIBIT F

Warehouse Service Charges Charged to Suppliers
November 1, 2013 through April 30, 2016

BASIC BAILMENT CHARGES:

INBOUND HANDLING:

Covers the ordinary labor and duties incident to the unitized (slipsheet, pallet, or clamp) unloading of cases; verifying case quantities against a proper packing slip and carrier bill of lading; placing into storage, administrative receiving. Handling is charged upon receipt of goods and calculated on a "per code per receipt" basis.

Codes of 1 – 180 cases	$0.92 per case
Codes of 181 – 299 cases	$0.92 per case
Codes of 300 – 669 cases	$0.92 per case
Codes of 670+	$0.92 per case
Pallet packs	$7.60 per pallet
Cases received uncoded or other unsaleable status	$5.00 per line item surcharge
Returns (Licensee/Liquor Stores) – charged to NHSLC	$5.00 per case / $1.00 per bottle / $10.00 per pallet

STORAGE:

Storage is calculated on an anniversary basis and initially charged upon receipt. For each 14-calendar day from date of receipt, the number of cases in storage is charged according to the table below on a "per code per receipt" basis.

Cases in inventory	1 – 84	days from receipt	$0.11 per case per 14 days
Cases in inventory	85 -182	days from receipt	$0.30 per case per 14 days
Cases in inventory	183 – 365	days from receipt	$0.80 per case per 14 days
Cases in inventory	366+	days from receipt	$1.25 per case per 14 days

---

Allocated / Restricted inventory	1 – 84 days from receipt	$0.11 per case per 14 days
Allocated / Restricted inventory	85+ days from receipt	$0.30 per case per 14 days

(Special Rates apply to selected wines only)

Definition of Allocated / Restricted Inventory - wines that are generally available in small quantities and may be in high demand by consumers. Allocated / Restricted wines must meet certain criteria to qualify for the program and as an incentive for suppliers to allocate these highly sought after wines a special reduced storage rate is offered.

Any case, 0-365 days, on an unsaleable status:	$0.80 per case per 14 days
Any case, 366+ days, on an unsaleable status:	$1.25 per case per 14 days

---

Pallet packs in inventory	1 – 84	days from receipt	$5.00 per pallet per 14 days
Pallet packs in inventory	85 – 182	days from receipt	$10.00 per pallet per 14 days
Pallet packs in inventory	183 – 365	days from receipt	$30.00 per pallet per 14 days
Pallet packs in inventory	366+	days from receipt	$55.00 per pallet per 14 days

---

Pallet pack, 0-365 days, on an unsaleable status:	$30.00 per pallet per 14 days
Pallet pack, 366+ days, on an unsaleable status:	$50.00 per pallet per 14 days

Note: To qualify for this rate the pallet is considered to be one unit. (Received as one unit and shipped out as received in)

Refrigerated Storage	$0.37 per case per 14 days

$15.84 per pallet per 14 days

OUTBOUND ORDER PROCESSING/REPORTING:

Consists of creating a packing slip, permanent adhesive labels for each in-state liquor store and licensee shipment, electronic shipping orders provided daily to suppliers summarizing the quantities of each Product shipped.

Automatic Orders (Cases) Out of State	$0.75 per case

ACCESSORIAL SERVICE CHARGES:

ADVERTISING MATERIAL

Handling (small/large)	$0.74 / $1.94 per carton
Storage (small/large):	$0.50 / $3.50 per carton per month

BLANKETS

Handling:	$24.74 per blanket
Storage:	$ 6.50 per blanket per month

EXTRA WAREHOUSE LABOR

Labor used for handling services not included in	Regular Time $34.65 per person/per hour
the normal processing of a receipt or shipment,	Overtime $52.00 per person/per hour
nor listed separately	Sunday/Holiday $63.00 per person/per hour

EXTRA WAREHOUSE LABOR & EQUIPMENT
(must be pre-approved)

Labor and equipment used for handling services	Regular Time $66.00 per person/per hour
not included in the normal processing of a receipt	Overtime $81.00 per person/per hour
or shipment, nor listed separately below	Sunday/Holiday $91.00 per person/per hour

OFFICE SERVICE CHARGE (must be pre-approved)

Labor used for office services and other unusual	Regular Time $34.65 per person/per hr
office or data information services not included in	Overtime $52.00 per person/per hr
the normal administration of receipts, shipments,	Sunday/Holiday $63.00 per person/per hr
or inventory.	

ANNUAL PHYSICAL INVENTORY

$0.11 per case
$0.09 per bottle

SPECIAL REQUEST DOCUMENTATION RUNS
For the printing and forwarding of reports and/or invoices available electronically — $25.00 per run

FACSIMILE CHARGE — $1.25 per page

DESTRUCTION OF INVENTORY
Rate subject to change based on disposal fees and transportation costs.

$3.80 per case (0-55)
$3.00per case (56+)

LABELING:

Labor and materials used to apply SLC code labels to uncoded cases.	<56 cases per code	$2.50 per case
	56-99 cases per code	$2.00 per case
	100-299 cases per code	$1.25 per case
	300+ cases per code	$ 0.75 per case
	Minimum per code	$13.50

RELABELING:
Labor and materials used to apply SLC code labels to coded cases. — $1.00 per case / $15 min

DUPLICATE LABELS:
Labor and materials used to create labels that were not needed. — $1.00 per case / $15 min

MISSED APPOINTMENTS:
Charged after the third missed appointment in a rolling 12-mo period — $250.00 per appointment

PALLET CHARGE — $12.00 per pallet

LIABILITY AND LIMITATION OF DAMAGES

For cases in its possession, the warehouseman shall be liable for loss or damage only when caused by its failure to exercise such care for them as a reasonably careful person would exercise, but, they shall not be liable for any loss or damage to the goods which could not have been avoided by the exercise of such care. The amount of damages that depositor may recover from the warehouseman for lost or damaged goods is limited to the actual cost incurred by such depositor for such goods not to exceed $90.00 per case unless there has been a catastrophic loss, which is defined as any combined loss across depositors and all Product of $5,000,000 or more, in which case the total amount of damages that depositor may recover from the warehouseman is equal to a formula the denominator of which is total loss across all depositor and the numerator of which is the value of the despositor's loss at cost multiplied by $5,000,000. In no event shall the warehouseman's combined liability to all depositors in the event of a catastrophic loss exceed $5,000,000 for that loss. Depositor waives, on behalf of itself and its insurer(s), any claims for damages in excess of the limitation set forth above.

INVOICE TERMS

Net Due, Finance Charges apply at an annual rate of 18% for uncollected funds at the end of each calendar month.

EXHIBIT A -

CONTRACT SERVICES

OPERATION OF BAILMENT WAREHOUSE AND DISTRIBUTION CENTER

1. The Contractor and the NHSLC shall be described as "the Parties." Contractor shall operate, on behalf of the New Hampshire State Liquor Commission ("NHSLC"), a liquor warehousing and distribution center to be located at Contractor's facilities. Liquor warehousing and distribution center services to be provided by Contractor to the NHSLC and/or its vendors/suppliers and on-and off-premise licensees shall include: bailment warehousing and related services for liquor Product owned by NHSLC licensed Vendors/suppliers and Product owned by the NHSLC.

2. Contractor shall comply with the requirements for warehousing and distribution services as specified in the Request for Proposals issued by the NHSLC and attached hereto as Exhibit D including, all appendices and all clarifications and amendments ("RFP") only to the extent that Contractor has agreed to any such requirements as specified in Contractor's proposal and replies submitted in response to the RFP (the "Proposal") the proposal and replies attached as Exhibit E; the RFP and Proposal being incorporated herein by reference. Contractor shall also comply with all applicable administrative rules adopted by the NHSLC regulating the warehousing of liquor and any amendments thereto and all applicable state law. In the event that any provision of the RFP or Proposal shall conflict or be inconsistent with any provision of Exhibits A, B, or F of this Agreement, the RFP shall govern.

3. By executing this Agreement, NHSLC makes no promises or guarantees as to volume of warehousing and distribution services to be required by NHSLC, any of its vendors/suppliers, or its licensees for the duration of this Agreement or any extension thereof. Notwithstanding any provision of this Agreement or the RFP and amendments thereto to the contrary, this Agreement is an exclusive agreement, and NHSLC will not retain any other person or entity to provide any warehouse distribution services for NHSLC and the NHSLC licensed Vendors/suppliers during the term of this Agreement and any extensions/renewals thereof, provided, however, NHSLC reserves the right to utilize a State owned or operated warehouse to store and distribute NHSLC owned Product and New Hampshire made Product.

4. Warehousing Capacity. For the initial thirty (30) months of the contract, the Contractor shall at all times maintain adequate warehouse storage capacity of Product which may be adjusted according to seasonable needs, as agreed to by the parties.

The Contractor will use industry standards to calculate the adequate warehousing storage capacity required to safely and efficiently provide the Services ("Warehouse Capacity"). These calculations will take into account trends, growth and the seasonality of the business. The Warehouse Capacity shall be reviewed starting ninety (90) days prior to the end of the first and

each subsequent thirty (30) month period and the parties will mutually agree to the adequate Warehouse Capacity required for the next thirty (30) month period.

If at any point during the Agreement after the initial thirty (30) month period, the on-hand inventory exceeds the agreed adequate Warehouse Capacity, the Contractor has the right to request a rate increase from the NHSLC to be charged to the industry to cover incremental costs incurred to restore Warehouse Capacity. Such rate increase will not unreasonably be withheld. These higher rates will remain in effect until the Warehouse Capacity is restored. The Contractor will be responsible for acquiring any additional storage space required to ensure sufficient Warehouse Capacity.

5. Force Majeure. Contractor shall not be liable or responsible for delays or failures in performance, or any loss or damage to any liquor and wine Product of the NHSLC resulting from events beyond the reasonable control of the Contractor. Such events shall include, but not be limited to, acts of God, , riots, acts of war, epidemics, acts of government, fire , power failures, nuclear accidents, earthquakes, unusually severe weather, or other disasters, whether or not similar to the foregoing.

6. Consequential and Indirect Damages. Notwithstanding any other provision of this agreement to the contrary, neither party, in the performance of their obligations under this agreement shall be liable to the other for any indirect or consequential damages (such as, but not limited to: loss of profits, loss of business, loss of customer goodwill or exemplary damages or the costs and expenses in providing or securing substitute revenues even if the parties have been advised of the possibility of the same, and without regard to the nature of the claim or the underlying theory or cause of action (whether in contract, tort or otherwise).

7. In the event the Contractor owes damages due to a material breach or the Contractor owes liquidated damages due to not achieving the Target Level for a KPI as referenced in paragraph 12 of this Exhibit A, the Contractor shall pay the damages or liquidated damages. If the Contractor fails to pay the damages or liquidated damages within a reasonable time, the NHSLC shall recover the damages or liquidated damages hereinafter from the Performance Bond (as here and after defined), provided, however, that the Contractor restores the bond to its original or any increased amount within a reasonable time.

8. The Contractor is responsible for the reasonable costs of making modifications and updates to the Contractors systems to stay current with the future systems utilized by New Hampshire State Liquor Commission.

9. Contractor shall not assign any personnel to perform the services who Contractor knows or constructively should know, after reasonable investigation and other employment screening to the extent permitted by Applicable Law (i) has been convicted of fraud, embezzlement or other similar crimes involving dishonesty (as evidenced by background checks by Contractor which seeks information for the past seven (7) years), or (ii) does not meet the requirements under New Hampshire or immigration Law to be employed or to perform services at such locations as may

be required. Contractor agrees to defend and indemnify NHSLC from losses or claims incurred by NHSLC to the extent arising from Contractor's breach of the above requirements.

10. The NHSLC reserves the right to order the Contractor to add a premium to the Warehouse Service Charges in order to comply with statutory, financial, or other requirements. Such premium shall be charged by the Contractor and returned to the NHSLC with no charge to the NHSLC.

11. Handling charges for receipt of Product transferred from existing warehouse(s) shall be as follows: 1) no charge for the first 50,000 cases received; 2) $0.50 for each case from 50,000 to 100,000 cases received; and, 3) $0.92 for each case beyond 100,000 cases received. In order to avoid charging the NHSLC or Suppliers duplicate storage fees, storage charges for transferred Product shall not accrue until the first day of the month following the transfer. Contractor is not responsible for any costs associated with transportation of the Product from existing warehouses.

12. Key Performance Indicators (KPIs)

(a) In order to evaluate the performance of the Services, the parties agreed to the KPIs listed on KPI Schedule below. The KPI Schedule sets forth the KPI, the Goal and the Target Level. The Contractor's failure to meet any of the KPIs shall be excused to the extent such failure is caused by the acts or omissions of the NHSLC, the Suppliers, Licensees, other third parties or because of Force Majeure events.

(b) In the event of a significant service failure, Contractor will promptly notify the NHSLC (or NHSLC will notify Contractor) of such failure, and will advise the NHSLC as to the course of action that will be taken in order to correct such failure. The NHSLC will either agree with the course of action or advise Contractor that alternative measures should be taken. The Contractor will act to resolve the issue as swiftly as possible to the satisfaction of the NHSLC.

(c) Each week prior to the scheduled Commission meeting the Contactor will prepare a written status report including service failures along with the corrective action and provide the report to the NHSLC. The Contractor shall attend all scheduled meetings unless the Parties agree otherwise.

(d) For each KPI described in the KPI Schedule, if the average of the Contractor's daily performance over a thirty (30) day rolling consecutive period fails to meet the Target Level as described in the KPI Schedule, the NHSLC may require the Contractor to pay the NHSLC liquidated damages in the amount of 0.25% (0.0025) of the Contractor's daily revenue in November 2013, 0.5% (0.005) in December 2013, 0.75% (0.0075) in January 2014, and 1% (0.01) of the Contractor's daily revenue for each day thereafter that the Contractor fails to meet the Target Level.

(e) The liquidated damages described in paragraph (d) above are the NHSLC's sole and exclusive remedy if the Contractor is not performing the Services adequately. For the sake of clarity, NHSLC retains the right to pursue direct damages arising from a breach of this Agreement outside the scope of this paragraph.KPI Schedule

(a) The KPIs detailed in the chart below shall apply as of November 1, 2013.

(b) This Schedule describes the service levels and performance standards that the Contractor shall provide to the NHSLC with respect to the Services. Each KPI shall be measured according to the Contractor's standard operating procedures as approved by the NHSLC. The Parties shall in good faith mutually agree to these standard operating procedures prior to November 1, 2013. The method agreed to measure the standard may result in an adjustment to the Target Level.

(c) At any time during the term of this Agreement, the NHSLC and the Contractor may upon agreement in writing revise or delete a KPI, or add a new KPI.

(d) The Contractor shall keep and maintain complete and accurate daily reports regarding the KPIs and provide them to the NHSLC during the term of this Agreement.

(e) Regular management review meetings between the NHSLC and the Contractor shall be scheduled to review the actual performance against projected performance.

Key Performance Indicator	**Goal**	**Target Level**
Goods available for shipment on time	Goods received by 3:00 pm will be available for shipment before 11:00 pm that daywith the exception of Product requiring specialized handling	99%
Goods loaded for shipment on time	Product loaded by the time mutually agreed with the transportation provider	99%
Inventory accuracy	For each cycle count the quantity counted matches the quantity listed in the system without limiting the forgoing the Parties define this as shrinkage	99%
Order accuracy	For each item in the order, the Product and quantity picked match the Product and quantity ordered	99%

13. Operating parameters

The following operating parameters were used by the Contractor to develop the design and the budget for its proposal. The NHSLC provided their data from historical information and projections. The future projections are estimates, and the purpose of providing the operating parameters is to begin to set the baseline for future rate change discussions.

Hours of Operation:

5 days a week, two 8 hours shifts per day

Profile:

The following profile is used to develop the design and budget for New Hampshire. Please note the "Data Source", where it indicates whether the data was provided, assumed or calculated.

Parameter	2013	Data Source	Comments
GENERAL	**Total**		
SKU Growth per Year	2.5%	Provided	November 14, 2012 Operational Parameters Review
Volume Growth per Year	3.0%	Provided for the first 30 months, then assumed	NH pricing template, pg 31 longtermwarehouseQandA5112.pdf
Store Count	77	Provided	pg 38 longtermwarehouserfp.pdf
Cube per Carton	0.7	Assumed/Calculated from Provided	Referenced Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Weight per Carton (bs)	32.5	Provided	pg 41 longtermwarehouserfp.pdf range 30-35 b
% Wine	50%	Provided	November 14, 2012 Operational Parameters Review
% Spirit	50%	Provided	November 14, 2012 Operational Parameters Review
% Beer	0%	Calculated from Provided	
INBOUND			
Inbound Receipt Type			
% Case Palletized	2%	Calculated from Provided	NH pricing template, Pallet Pack is assumed pallets received
% Case Sliphseet	0%	Calculated from Provided	
% Case Floor loaded	98%	Calculated from Provided	
Cases Palletized	124,657	Calculated from Provided	
Case Sliphseet	-	Calculated from Provided	
Case Floor loaded	5,432,960	Calculated from Provided	
Annual Cartons	5,557,618	Provided	NH pricing template
Annual Cube	3,890,332	Calculated from Assumed	
IB Cube per Pallet	46	Calculated from Assumed	
IB Cases per Pallet or Slip-Sheet	65	Provided	pg 20 longtermwarehouserfp.pdf range usually 60-70 cases per pallet
IB Equivalent Plt	85,502	Calculated from Provided	
INVENTORY			
Inventory Weeks on Hand (WOS)	9.3	Calculated from Provided	
Annual Inv Turns	5.6	Calculated from Provided	
Average Inventory Cartons	991,754	Calculated from Provided	NH pricing template
Peak Inventory Cartons	1,135,152	Calculated from Provided	
Peak Inventory Cube	794,607	Calculated from Assumed	
Peak Inventory Pallet	17,464	Calculated from Provided	
Peak SKUs on Hand	10,009	Provided	pg 77 longtermwarehouserfp.pdf
Inventory peak-to-avg ratio	1.14	Provided	pg 84 longtermwarehouserfp.pdf
% Honey comb factor	15%	Industry Standard	
% Warehouse utilization	85%	Industry Standard	

Parameter	2013	Data Source	Comments
OUTBOUND			
Annual Cartons	5,419,308	Calculated from Provided	NH pricing template
Annual Carton Picks	5,410,419	Provided	NH pricing template
Annual Unit Picks	577,749	Provided	NH pricing template
Units per Case	9	Calculated from Provided	pg 20 longtermwarehouserfp.pdf range usually 6-12 units per case
Peak-to-average ratio	1.21	Calculated from Provided	
% Cases Licensee	24%	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
% Cases Store	76%	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Store			
Line/Invoice	198.70	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Case/Line	1.28	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Licensee			
Line/Invoice	37.30	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Case/Line	1.20	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Returns (cases)	1,930	Provided	NH pricing template
OUTBOUND SEASONALITY			
January	6%	Provided	pg 78 longtermwarehouserfp.pdf
February	6%	Provided	
March	7%	Provided	
April	7%	Provided	
May	8%	Provided	
June	10%	Provided	
July	10%	Provided	
August	10%	Provided	
September	9%	Provided	
October	8%	Provided	
November	9%	Provided	
December	10%	Provided	
Peak to Average Ratio	1.21	Provided	

The following table was provided to project growth for future years. It is assumed that order profile remains the same in future years (ie, lines/order) and only the volume increases.

	1	2	3	4	5	6	7	8	9	10
Parameter	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Volume Growth per Year	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
INBOUND										
Annual Cartons	5,557,618	5,724,346	5,896,076	6,072,959	6,255,147	6,442,802	6,636,086	6,835,169	7,040,224	7,251,430
Annual Pallets	85,502	88,067	90,709	93,430	96,233	99,120	102,094	105,156	108,311	111,560
INVENTORY										
Annual Inv Turns	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Average Inventory Cartons	991,754	1,021,507	1,052,152	1,083,716	1,116,228	1,149,715	1,184,206	1,219,732	1,256,324	1,294,014
Peak Inventory Cartons	1,135,152	1,169,207	1,204,283	1,240,412	1,277,624	1,315,953	1,355,431	1,396,094	1,437,977	1,481,116
Peak Inventory Pallet	17,464	17,988	18,527	19,083	19,656	20,245	20,853	21,478	22,123	22,786
Peak SKUs on Hand	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009
OUTBOUND										
Annual Cartons	5,419,308	5,581,887	5,749,344	5,921,824	6,099,479	6,282,463	6,470,937	6,665,065	6,865,017	7,070,967
Annual Pallets	83,374	85,875	88,451	91,105	93,838	96,653	99,553	102,539	105,616	108,784
Annual Carton Picks	5,410,419	5,572,732	5,739,914	5,912,111	6,089,475	6,272,159	6,460,324	6,654,133	6,853,757	7,059,370
Annual Unit Picks	577,749	595,082	612,934	631,322	650,262	669,770	689,863	710,559	731,875	753,832

	11	12	13	14	15	16	17	18	19	20
Parameter	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2031**
Volume Growth per Year	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
INBOUND										
Annual Cartons	7,468,973	7,693,042	7,923,834	8,161,549	8,406,395	8,658,587	8,918,345	9,185,895	9,461,472	9,745,316
Annual Pallets	114,907	118,354	121,905	125,562	129,329	133,209	137,205	141,321	145,561	149,928
INVENTORY										
Annual Inv Turns	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Average Inventory Cartons	1,332,834	1,372,819	1,414,004	1,456,424	1,500,117	1,545,120	1,591,474	1,639,218	1,688,395	1,739,046
Peak Inventory Cartons	1,525,550	1,571,316	1,618,456	1,667,009	1,717,020	1,768,530	1,821,586	1,876,234	1,932,521	1,990,496
Peak Inventory Pallet	23,470	24,174	24,899	25,646	26,416	27,208	28,024	28,865	29,731	30,623
Peak SKUs on Hand	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009
OUTBOUND										
Annual Cartons	7,283,096	7,501,589	7,726,637	7,958,436	8,197,189	8,443,105	8,696,398	8,957,290	9,226,009	9,502,789
Annual Pallets	112,048	115,409	118,871	122,437	126,111	129,894	133,791	137,804	141,939	146,197
Annual Carton Picks	7,271,151	7,489,286	7,713,964	7,945,383	8,183,745	8,429,257	8,682,135	8,942,599	9,210,877	9,487,203
Annual Unit Picks	776,447	799,740	823,732	848,444	873,898	900,114	927,118	954,931	983,579	1,013,087

Additional Assumptions:

- Net 30 days payment terms
- Staffing and capital assumed as new; no existing components leveraged
- 20 years term for pricing, as requested
- 20 moves a day for yard activities
- Annual physical inventory count is required and included in pricing
- Shipping and packaging supplies, including: pallet labels, case labels and stretch wrap included in pricing
- 100% outbound pallets returned
- Standard pallet size of 40"x48" as described in RFP
- All inbound units have UPC labels that can be scanned
- The annual depreciation and interest calculations for capital expenditures is calculated assuming average useful life for assets. For example, $3.5M of capital amortized over 10 years results in the following depreciation and interest calculations:
    - Depreciation = $3,500,000 ÷ 10 = $350,000 per year
    - Interest (8%) = ($3,500,000 ÷ 2) x 8% = $140,000 average per year
- For year over year projections, the following assumptions have been made starting in year 2:

Wage Inflation	2%
Benefit Inflation	11%
Productivity Improvement	5% Year 2, 3% Year 3+
Operational Supplies and Maintenance Inflation	2%
Facility Inflation	3%

- The Contractor will not be receiving orders from Licensees or Stores. NHSLC will receive the orders and pass them to Contractor for fulfillment, as stated on page 85 of the RFP document

END OF EXHIBIT A

EXHIBIT B

CONTRACT PRICE, METHOD AND TERMS OF PAYMENT

1. NHSLC suppliers/vendors Charges.

   a. Rates Effective -Term. The Warehouse Service Charges listed in Exhibit F are valid for the initial thirty (30) months of the contract: from November 1, 2013 until April 30, 2016. Thereafter, Contractor and NHSLC may renegotiate rates as provided for in Exhibit C.

   b. Handling Charges. Handling charges, as defined in Exhibit F, shall be charged by Contractor directly to NHSLC suppliers/vendors for all supplier/vendor-owned Product received into the Warehouse, NHSLC shall not be charged handling fees for internal transfers of ownership of Product from a suppliers/vendors bailment inventory to the account of NHSLC.

   c. Storage Charges. NHSLC vendors/suppliers shall be charged storage charges as provided in Exhibit F.

   d. Allocated / Restricted Product Storage. For purposes of this Agreement, "Allocated / Restricted Product" shall mean a Product designated as "Allocated / Restricted" by the NHSLC and which is generally allocated for purchase by either specific licensees or classes of licensees, is of limited availability, and/or is for sale is managed over a period of time. Allocated / Restricted Product held in inventory shall be charged storage at the allocated Product rates provided in Exhibit F.

   e. Payment Terms. Contractor fees invoiced to NHSLC vendors/suppliers shall be due upon receipt. Finance Charges apply at an annual rate of 18% for uncollected funds at the end of each calendar month.

2. NHSLC Charges.

   a. For the first 35,000 cases received during any month into the warehouse for NHSLC's account (NHSLC-owned stock), NHSLC shall not be charged storage fees for the first 56 days from receipt. After 56 days, NHSLC shall be charged storage fees at the same rates as provided in Exhibit F for suppliers/vendors. NHSLC-owned stock in excess of 35,000 cases received during any month shall be charged storage fees from Day 1 at the same rates as provided in Exhibit F for suppliers/vendors.

   b. The following charges as per Exhibit F will be charged to NHSLC:

i. Returned Product for NHSLC stores, and

ii. Physical inventory count of NHSLC owned Product.

c. Invoices. Contractor shall submit to NHSLC monthly invoices for payment which shall identify all charges incurred by NHSLC for the previous or ending month. All charges shall specify the total number of cases for which services were provided, the per case and total charge, plus any miscellaneous charges incurred. Invoices shall be accompanied with adequate backup data supporting all charges.

d. Payment Terms. Contractor fees invoiced to NHSLC shall be due upon receipt. No late charges or interest charges shall be billed to NHSLC.

END OF EXHIBIT B

From: Craig W. Bulkley <cbulkley@liquor.state.nh.us>
Sent: Friday, December 07, 2012 5:38 PM
To: Nicholas K. Holmes
Subject: FW: Exel Emails - Part III
Attachments: Exhibit C, and updated A; Shipments around holidays; Exhibits; RE: RFP Process; RFP Process - EXEL; Exhibit B; Exhibits A and C; State Standard Contract; Exhibit C; Certificate of Good Standing

Categories: Green Category

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
☎ (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Craig W. Bulkley
Sent: Friday, December 07, 2012 4:59 PM
To: Stephen J. Judge; Judge, Steve
Cc: Craig W. Bulkley
Subject: Exel Emails - Part III

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, November 15, 2012 11:05 AM
To: Judge, Steve
Cc: Craig W. Bulkley; Fred Takavitz (Exel US); Greg Foreman (EXEL US); Rob Whipple (Exel US)
Subject: Exhibit C, and updated A
Attachments: EXHIBIT A1 - SL Amendments v4.docx; EXHIBIT C to Long-Term Contract - SL Amendments v5.docx

He is the next version of Exhibit C, and the update to A – I did not change the name from what was sent a few minutes ago (the change is clause 12 e)

Cheers,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

EXHIBIT A -

CONTRACT SERVICES

OPERATION OF BAILMENT WAREHOUSE AND DISTRIBUTION CENTER

1. The Contractor and the NHSLC shall be described as "the Parties." Contractor shall operate, on behalf of the New Hampshire State Liquor Commission ("NHSLC"), a liquor warehousing and distribution center to be located at Contractor's facilities. Liquor warehousing and distribution center services to be provided by Contractor to the NHSLC and/or its vendors/suppliers and on-and off-premise licensees shall include: bailment warehousing and related services for liquor product owned by NHSLC licensed Vendors/suppliers and product owned by the NHSLC.

2. Contractor shall comply with the requirements for warehousing and distribution services as specified in the Request for Proposals issued by the NHSLC and attached hereto as Exhibit D including, all appendices and all clarifications and amendments ("RFP") only to the extent that Contractor has agreed to any such requirements as specified in Contractor's proposal and replies submitted in response to the RFP (the "Proposal") the proposal and replies attached as Exhibit E; the RFP and Proposal being incorporated herein by reference. Contractor shall also comply with all applicable administrative rules adopted by the NHSLC regulating the warehousing of liquor and any amendments thereto and all applicable state law. In the event that any provision of the RFP or Proposal shall conflict or be inconsistent with any provision of Exhibits A, B, or F of this Agreement, the RFP shall govern.

3. By executing this Agreement, NHSLC makes no promises or guarantees as to volume of warehousing and distribution services to be required by NHSLC, any of its vendors/suppliers, or its ~~on-and off-premise~~ licensees for the duration of this Agreement or any extension thereof. Notwithstanding any provision of this Agreement or the RFP and amendments thereto to the contrary, this Agreement is an exclusive agreement, and NHSLC will not retain any other person or entity to provide any warehouse distribution services for NHSLC and the NHSLC licensed Vendors/suppliers during the term of this Agreement and any extensions/renewals thereof, provided, however, NHSLC reserves the right to utilize a State owned or operated warehouse to store and distribute NHSLC owned Product and New Hampshire made Product.

4. Warehousing Capacity. For the initial thirty (30) months of the contract, the Contractor shall at all times maintain adequate warehouse storage capacity of product which may be adjusted according to seasonable needs, as agreed to by the parties.

The Contractor will use industry standards to calculate the adequate warehousing storage capacity required to safely and efficiently provide the Services ("Warehouse Capacity"). These calculations will take into account trends, growth and the seasonality of the business. The Warehouse Capacity shall be reviewed starting ninety (90) days prior to the end of the first and

each subsequent thirty (30) month period and the parties will mutually agree to the adequate Warehouse Capacity required for the next thirty (30) month period.

If at any point during the Agreement after the initial thirty (30) month period, the on-hand inventory exceeds the agreed adequate Warehouse Capacity, the Contractor has the right to request a rate increase from the NHSLC to be charged to the industry to cover incremental costs incurred to restore Warehouse Capacity. Such rate increase will not unreasonably be withheld. These higher rates will remain in effect until the Warehouse Capacity is restored. The Contractor will be responsible for acquiring any additional storage space required to ensure sufficient Warehouse Capacity.

5. Force Majeure. Contractor shall not be liable or responsible for delays or failures in performance, or any loss or damage to any liquor and wine products of the NHSLC resulting from events beyond the reasonable control of the Contractor. Such events shall include, but not be limited to, acts of God, , riots, acts of war, epidemics, acts of government, fire , power failures, nuclear accidents, earthquakes, unusually severe weather, or other disasters, whether or not similar to the foregoing.

6. Consequential and Indirect Damages. Notwithstanding any other provision of this agreement to the contrary, neither party, in the performance of their obligations under this agreement shall be liable to the other for any indirect or consequential damages (such as, but not limited to: loss of profits, loss of business, loss of customer goodwill or exemplary damages or the costs and expenses in providing or securing substitute revenues even if the parties have been advised of the possibility of the same, and without regard to the nature of the claim or the underlying theory or cause of action (whether in contract, tort or otherwise).

7. In the event the Contractor owes damages due to a material breach or the Contractor owes liquidated damages due to not achieving the Target Level for a KPI as referenced in paragraph 12 of this Exhibit A, the Contractor shall pay the damages or liquidated damages. If the Contractor fails to pay the damages or liquidated damages within a reasonable time, the NHSLC shall recover the damages or liquidate damages from the Performance Bond (as here and after defined), provided, however, that the Contractor restores the bond to its original or any increased amount within a reasonable time.

8. The Contractor is responsible for the reasonable costs of making modifications and updates to the Contractors systems to stay current with the future systems utilized by New Hampshire State Liquor Commission.

9. Contractor shall not assign any personnel to perform the services who Contractor knows or constructively should know, after reasonable investigation and other employment screening to the extent permitted by Applicable Law (i) has been convicted of fraud, embezzlement or other similar crimes involving dishonesty (as evidenced by background checks by Contractor which seeks information for the past seven (7) years), or (ii) does not meet the requirements under New Hampshire or immigration Law to be employed or to perform services at such locations as may

be required. Contractor agrees to defend and indemnify NHSLC from losses or claims incurred by NHSLC to the extent arising from Contractor's breach of the above requirements.

10. The NHSLC reserves the right to order the Contractor to add a premium to the Warehouse Service Charges in order to comply with statutory, financial, or other requirements. Such premium shall be charged by the Contractor and returned to the NHSLC with no charge to the NHSLC.

11. Handling charges for receipt of Product transferred from existing warehouse(s) will be as follows: 1) no charge for the first 50,000 cases received; 2) $0.50 for each case from 50,000 to 100,000 cases received; and, 3) $0.92 for each case beyond 100,000 cases received. In order to avoid charging the NHSLC or Suppliers duplicate storage fees, storage charges for transferred Product shall not accrue until the first day of the month following the transfer. Contractor is not responsible for any costs associated with transportation of the Products from existing warehouses.~~.~~

12. Key Performance Indicators (KPIs)

(a) In order to evaluate the performance of the Services, the parties agreed to the KPIs listed on KPI Schedule below. The KPI Schedule sets forth the KPI, the Goal and the Target Level. The Contractor's failure to meet any of the KPIs shall be excused to the extent such failure is caused by the acts or omissions of the NHSLC, the Suppliers, Licensees, other third parties or because of Force Majeure events.

(b) In the event of a significant service failure, Contractor will promptly notify the NHSLC (or NHSLC will notify Contractor) of such failure, and will advise the NHSLC as to the course of action that will be taken in order to correct such failure. The NHSLC will either agree with the course of action or advise Contractor that alternative measures should be taken. The Contractor will act to resolve the issue as swiftly as possible to the satisfaction of the NHSLC.

(c) Each week prior to the scheduled Commission meeting the Contactor will prepare a report written status report ~~of~~ including service failures along with the corrective action ~~taken~~ and provide the report to the NHSLC. The Contractor shall attend all scheduled meetings unless the Parties agree otherwise.

(d) For each KPI described in the KPI Schedule, if the average of the Contractor's daily performance over a thirty (30) day rolling consecutive period fails to meet the Target Level as described in the KPI Schedule, the NHSLC may require the Contractor to pay the NHSLC liquidated damages in the amount of 0.25% (0.0025) of the Contractor's daily revenue in November 2013, 0.5% (0.005) in December 2013, 0.75% (0.0075) in January 2014, and 1% (0.01) of the Contractor's daily revenue for each day thereafter that the Contractor fails to meet the Target Level.

(e) The liquidated damages described in paragraph (d) above are the NHSLC's sole and exclusive remedy if the Contractor is not performing the Services adequately. For the sake of clarity, NHSLC retains the right to pursue direct damages arising from a breach of this Agreement outside the scope of this paragraph.

KPI Schedule

(a) The KPIs detailed in the chart below shall apply as of November 1, 2013.

(b) This Schedule describes the service levels and performance standards that the Contractor shall provide to the NHSLC with respect to the Services. Each KPI shall be measured according to the Contractor's standard operating procedures as approved by the NHSLC. The Parties shall in good faith mutually agree to these standard operating procedures prior to November 1, 2013. The method agreed to measure the standard may result in an adjustment to the Target Level.

(c) At any time during the term of this Agreement, the NHSLC and the Contractor may upon agreement in writing revise or delete a KPI, or add a new KPI.

(d) The Contractor shall keep and maintain complete and accurate daily reports regarding the KPIs and provide them to the NHSLC ~~shall have the right to audit same~~ during the term of this Agreement.

(e) Regular management review meetings between the NHSLC and the Contractor shall be scheduled to review the actual performance against projected performance.

Key Performance Indicator	**Goal**	**Target Level**
Goods available for shipment~~ale~~ on time	Goods received by 3:00 pm will be available for shipment before 11:00 pm ~~sale by midnight the day of receiving~~ with the exception of ~~for domestic~~ P~~p~~roducts requiring specialized handling~~, and by midnight following the day of receiving for imported products~~	99~~8~~%
Goods loaded for shipment on time	Products loaded ~~prior to~~by the time mutually agreed with the transportation provider	99~~8~~%
Inventory accuracy	For each cycle count the quantity counted matches the quantity listed in the system without limiting the forgoing the Parties define this as shrinkage	99~~8.5~~%

Key Performance Indicator	Goal	Target Level
Order accuracy	For each item in the order, the product and quantity picked match the product and quantity ordered	9~~98.5~~%

13. Operating parameters

The following operating parameters were used by the Contractor to develop the design and the budget for the NHSLC. The NHSLC provided their data from historical information and projections. The future projections are estimates, and the purpose of the operating parameters is to set the baseline for future rate change discussions.

Hours of Operation:

5 days a week, two 8 hours shifts per day

Profile:

The following profile is used to develop the design and budget for New Hampshire. Please note the "Data Source", where it indicates whether the data was provided, assumed or calculated.

Parameter	2013	Data Source	Comments
GENERAL	**Total**		
SKU Growth per Year	2.5%	Provided	November 14, 2012 Operational Parameters Review
Volume Growth per Year	3.0%	Provided for the first 30 months, then assumed	NH pricing template, pg 31 longtermwarehouseQandA5112.pdf
Store Count	77	Provided	pg 38 longtermwarehouserfp.pdf
Cube per Carton	0.7	Assumed/Calculated from Provided	Referenced Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Weight per Carton (bs)	32.5	Provided	pg 41 longtermwarehouserfp.pdf range 30-35 b
% Wine	50%	Provided	November 14, 2012 Operational Parameters Review
% Spirit	50%	Provided	November 14, 2012 Operational Parameters Review
% Beer	0%	Calculated from Provided	
INBOUND			
Inbound Receipt Type			
% Case Palletized	2%	Calculated from Provided	NH pricing template, Pallet Pack is assumed pallets received
% Case Sliphseet	0%	Calculated from Provided	
% Case Floor loaded	98%	Calculated from Provided	
Cases Palletized	124,657	Calculated from Provided	
Case Sliphseet	-	Calculated from Provided	
Case Floor loaded	5,432,960	Calculated from Provided	
Annual Cartons	5,557,618	Provided	NH pricing template
Annual Cube	3,890,332	Calculated from Assumed	
IB Cube per Pallet	46	Calculated from Assumed	
IB Cases per Pallet or Slip-Sheet	65	Provided	pg 20 longtermwarehouserfp.pdf range usually 60-70 cases per pallet
IB Equivalent Plt	85,502	Calculated from Provided	
INVENTORY			
Inventory Weeks on Hand (WOS)	9.3	Calculated from Provided	
Annual Inv Turns	5.6	Calculated from Provided	
Average Inventory Cartons	991,754	Calculated from Provided	NH pricing template
Peak Inventory Cartons	1,135,152	Calculated from Provided	
Peak Inventory Cube	794,607	Calculated from Assumed	
Peak Inventory Pallet	17,464	Calculated from Provided	
Peak SKUs on Hand	10,009	Provided	pg 77 longtermwarehouserfp.pdf
Inventory peak-to-avg ratio	1.14	Provided	pg 84 longtermwarehouserfp.pdf
% Honey comb factor	15%	Industry Standard	
% Warehouse utilization	85%	Industry Standard	

Parameter	2013	Data Source	Comments
OUTBOUND			
Annual Cartons	5,419,308	Calculated from Provided	NH pricing template
Annual Carton Picks	5,410,419	Provided	NH pricing template
Annual Unit Picks	577,749	Provided	NH pricing template
Units per Case	9	Calculated from Provided	pg 20 longtermwarehouserfp.pdf range usually 6-12 units per case
Peak-to-average ratio	1.21	Calculated from Provided	
% Cases Licensee	24%	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
% Cases Store	76%	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Store			
Line/Invoice	198.70	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Case/Line	1.28	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Licensee			
Line/Invoice	37.30	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Case/Line	1.20	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Returns (cases)	1,930	Provided	NH pricing template
OUTBOUND SEASONALITY			
January	6%	Provided	pg 78 longtermwarehouserfp.pdf
February	6%	Provided	
March	7%	Provided	
April	7%	Provided	
May	8%	Provided	
June	10%	Provided	
July	10%	Provided	
August	10%	Provided	
September	9%	Provided	
October	8%	Provided	
November	9%	Provided	
December	10%	Provided	
Peak to Average Ratio	1.21	Provided	

The following table was provided to project growth for future years. It is assumed that order profile remains the same in future years (ie, lines/order) and only the volume increases.

	1	2	3	4	5	6	7	8	9	10
Parameter	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Volume Growth per Year	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
INBOUND										
Annual Cartons	5,557,618	5,724,346	5,896,076	6,072,959	6,255,147	6,442,802	6,636,086	6,835,169	7,040,224	7,251,430
Annual Pallets	85,502	88,067	90,709	93,430	96,233	99,120	102,094	105,156	108,311	111,560
INVENTORY										
Annual Inv Turns	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Average Inventory Cartons	991,754	1,021,507	1,052,152	1,083,716	1,116,228	1,149,715	1,184,206	1,219,732	1,256,324	1,294,014
Peak Inventory Cartons	1,135,152	1,169,207	1,204,283	1,240,412	1,277,624	1,315,953	1,355,431	1,396,094	1,437,977	1,481,116
Peak Inventory Pallet	17,464	17,988	18,527	19,083	19,656	20,245	20,853	21,478	22,123	22,786
Peak SKUs on Hand	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009
OUTBOUND										
Annual Cartons	5,419,308	5,581,887	5,749,344	5,921,824	6,099,479	6,282,463	6,470,937	6,665,065	6,865,017	7,070,967
Annual Pallets	83,374	85,875	88,451	91,105	93,838	96,653	99,553	102,539	105,616	108,784
Annual Carton Picks	5,410,419	5,572,732	5,739,914	5,912,111	6,089,475	6,272,159	6,460,324	6,654,133	6,853,757	7,059,370
Annual Unit Picks	577,749	595,082	612,934	631,322	650,262	669,770	689,863	710,559	731,875	753,832

	11	12	13	14	15	16	17	18	19	20
Parameter	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2031**
Volume Growth per Year	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
INBOUND										
Annual Cartons	7,468,973	7,693,042	7,923,834	8,161,549	8,406,395	8,658,587	8,918,345	9,185,895	9,461,472	9,745,316
Annual Pallets	114,907	118,354	121,905	125,562	129,329	133,209	137,205	141,321	145,561	149,928
INVENTORY										
Annual Inv Turns	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Average Inventory Cartons	1,332,834	1,372,819	1,414,004	1,456,424	1,500,117	1,545,120	1,591,474	1,639,218	1,688,395	1,739,046
Peak Inventory Cartons	1,525,550	1,571,316	1,618,456	1,667,009	1,717,020	1,768,530	1,821,586	1,876,234	1,932,521	1,990,496
Peak Inventory Pallet	23,470	24,174	24,899	25,646	26,416	27,208	28,024	28,865	29,731	30,623
Peak SKUs on Hand	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009
OUTBOUND										
Annual Cartons	7,283,096	7,501,589	7,726,637	7,958,436	8,197,189	8,443,105	8,696,398	8,957,290	9,226,009	9,502,789
Annual Pallets	112,048	115,409	118,871	122,437	126,111	129,894	133,791	137,804	141,939	146,197
Annual Carton Picks	7,271,151	7,489,286	7,713,964	7,945,383	8,183,745	8,429,257	8,682,135	8,942,599	9,210,877	9,487,203
Annual Unit Picks	776,447	799,740	823,732	848,444	873,898	900,114	927,118	954,931	983,579	1,013,087

Additional Assumptions:

- Net 30 days payment terms
- Staffing and capital assumed as new; no existing components leveraged
- 20 years term for pricing, as requested
- 20 moves a day for yard activities
- Annual physical inventory count is required and included in pricing
- Shipping and packaging supplies, including: pallet labels, case labels and stretch wrap included in pricing
- 100% outbound pallets returned
- ~~• No SKU growth over 20 years as provided by the New Hampshire State Liqor Commission~~
- Standard pallet size of 40"x48" as described in RFP
- All inbound units have UPC labels that can be scanned
- ~~New Hampshire's support personal during transition is not included in the pricing~~
- The annual depreciation and interest calculations for capital expenditures is calculated assuming average useful life for assets. For example, \$3.5M of capital amortized over 10 years results in the following depreciation and interest calculations:
  - Depreciation = \$3,500,000 ÷ 10 = \$350,000 per year
  - Interest (8%) = (\$3,500,000 ÷ 2) x 8% = \$140,000 average per year
- For year over year projections, the following assumptions have been made starting in year 2:

Wage Inflation	2%
Benefit Inflation	11%
Productivity Improvement	5% Year 2, 3% Year 3+
Operational Supplies and Maintenance Inflation	2%
Facility Inflation	3%

- Provided data of 5,557,618 inbound cases is not equal to 5,419,308 of outbound cases
- The Contractor will not be receiving orders from Licensees or Stores. NHSLC will receive the orders and pass to Contractor for fulfillment, as stated on page 85 of the RFP document

~~14. Transfer of Product into the Contractor's warehouse~~

~~In an effort to avoid charging the NHSLC or Suppliers duplicate storage fees, storage charges for transferred Product shall not accrue until the first day of the month following the transfer.~~

END OF EXHIBIT A

EXHIBIT C

1. Certificate of Vote

This authorization notification must be consistent with Contractor's corporate structure and must accompany the contract.

An officer of the company, name and title, must certify that the person signing the contract has been given the authority to do so. That authority must be in effect the day the contract is signed. The certifying official must not be certifying him or herself, unless it is a sole proprietorship.

The document must certify that:

A. The signature of Jim Gehr, President, Retail of the Corporation affixed to any Proposal shall bind the corporation to its terms and conditions.

B. The foregoing signature authority has not been revoked, annulled or amended in any manner whatsoever, and remains in full force and effect as of the date of the contract.

2. Warehouse License

Contractor shall produce a current License on demand by the NHSLC. Such demand shall provide the Contractor with a reasonable opportunity to acquire a license.

3. The Agreement is amended as follows:

Delete Paragraphs 1.16 and 1.18

Delete paragraph 3.1 and substitute the following:

Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the New Hampshire State Liquor Commission, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Attorney General approves this Agreement as to form, substance and execution ("Effective Date").

DELETE PARAGRAPH 4 AND INSERT:

4. STATE FUNDING.

4.1. In the event the State has insufficient funds available to itself make continued payments under the Agreement for any Services for which the State is responsible for payment, including but not limited to, Services that carry fees to the State such as bottle picking and handling of NHSLC product, the State will immediately:

4.1.1. Fully exercise all authority to transfer funds within NHSLC's budget and any other funds available to NHSLC, including without limitation, NHSLC's authority to transfer funds under N.H. RSA 176:16, V and any revolving accounts or funds; and

4.1.2. Use best efforts and in good faith seek the necessary funding from the General Court and other governmental authorities to fulfill its obligation to make continued payments under the Agreement; and,

4.1.3 The State must immediately provide Contractor with written notice of any such funding shortfall.

4.2. Contractor may cease providing Services to the State for which the State cannot or fails to make payment, and will not be obligated to resume provision of Services to the State if funding for continued payments under the Agreement is not obtained, including without limitation, funding for any arrearages.

4.3 Notwithstanding the foregoing or any provision of this Agreement to the contrary,the Agreement will remain in effect for the full term of the Agreement, and any extensions thereof, and Contractor may continue to provide Services to others such as Licensees, Suppliers, and Vendors.

Delete 5.2

INSERT NEW 5.2:

5.2

(a) Rates. The Warehouse Service Charges listed in Exhibit F are valid for the initial thirty (30) months of the contract: from November 1, 2013 until April 30, 2016.

(b) Rate Changes. The Warehouse Service Charges shall be reviewed starting one-hundred and twenty (120) days prior to the end of the first and each subsequent thirty (30) month period and may be adjusted effective at the beginning of such thirty (30) month period. Any party requesting a change in rates shall submit a comprehensive proposal providing detailed support for the requested change. Such adjusted Rates, even if agreed to after the beginning of a thirty (30) month period, will become effective, unless otherwise agreed, as of the first day of such thirty (30) month period.

(c) Operating Parameters or Scope of Service Changes. In addition to (b) above, after April 30, 2016, if during any year of this Agreement the Services or Operating Parameters vary to such a degree (greater than 10%) that either Party in good faith believes that a Rate adjustment(s) (whether an increase or decrease) is/are equitable, it shall notify the other Party of the same, and the Parties shall endeavor in good faith to mutually agree upon a temporary or permanent adjustment as promptly as possible.

Any party requesting a change in rates shall submit a comprehensive proposal providing detailed support for the requested change.

1. The Warehouse Service Charges valid for the initial thirty (30) months of the contract are based on the Services, and Operating Parameters as outlined in the Agreement and Exhibit A.

(d) Any Rate change(s) or adjustment(s) agreed by the Parties pursuant to subparagraph (b) and/or (c) above shall be reflected in an amendment to the Agreement, dated and signed by each Party.

(e) The failure of either party to propose or negotiate Rate change(s) or adjustment(s) in good faith is grounds for termination of the contract. The failure of the Parties to mutually agree upon Rate change(s) or adjustment(s) is not grounds for termination. If the parties are not able to mutually agree upon a rate change(s) or adjustment(s), then either party may invoke the Contract Protest Process.

Delete 5.4

ADD to Paragraph 6.2

Between "affirmative action" and "to prevent" insert the phrase "as required by applicable law."

ADD to the end of paragraph 7.3

Notwithstanding the foregoing or any provision of the Agreement to the contrary, Contractor retains the right to pursue any of its remedies, both at law and in equity.

DELETE PARAGRAPH 8

INSERT NEW PARAGRAPH 8:

8. EVENT OF MATERIAL BREACH~~DEFAULT~~/REMEDIES.

Either party may terminate the Agreement and/or pursue its remedies at law and in equity for the material breach of the Agreement by the other party.~~;~~ ~~provided that~~ T~~t~~he injured party shall give ~~has given~~ the other party ~~prior~~ written notice of such material breach. ~~; and~~If there has been a failure to cure such material breach within thirty (30) business days after receipt of such notice by the other party provided, the Parties shall utilize the Contract Protest Process set out in paragraph 25. Provided however, in the event of a material breach of the Agreement which necessitates the State to obtain temporary substitute warehouse services, the notice requirement shall be no less than twenty-four (24) hours.

DELETE PARAGRAPH 10

In paragraph 12, delete the reference to N.H. Department of Administrative Services and substitute New Hampshire State Liquor Commission.

Amend Paragraph 14.1.1 by adding after "insurance" and before "against" the following phrase, "with the State named as an additional insured."

Delete Paragraph 14.1.2

Amend Paragraph 14 by adding Subparagraph 14.1.3 as follows:

14.1.3 All Risk insurance coverage including but not limited to flood, fire and extended coverage solely for goods on hand belonging to the NHSLC in an amount of $2 million per occurrence. The All Risk insurance shall cover 100 % of NHSLC's Replacement Cost (defined as the NHSLC's purchase price for such goods plus related storage and transportation costs, if any). In the event of a claim payment; insurer or Contractor agrees to make payment directly to NHSLC. A certificate of insurance demonstrating compliance with the requirements of this Paragraph 14 shall be provided to NHSLC upon request.

Amend Paragraph 14.3 by deleting the last sentence and replacing it with the following sentence, "The Contractor shall endeavor to provide the Contracting Officier identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

Amend Paragraph 14 by adding Subparagraphs 14.1.4-14.1.7 as follows:

14.1.4 Performance Bond. Upon final approval of this Agreement, Contractor shall provide to NHSLC in a form satisfactory to NHSLC, a Performance Bond in the amount of Two Million Dollars ($2,000,000.00), which shall be retained by the NHSLC until the Completion Date. At the end of the first thirty (30) month period and at any point thereafter upon mutual agreement the amount of the Performance Bond may be adjusted.

14.1.5 The Contractor Warehouse shall be fully bonded and registered with the State of New Hampshire as a public warehouse to the extent required by applicable state law. A copy of such registration shall be provided to NHSLC upon request.

14.1.6 Once a license is issued, the Contractor shall maintain a warehouse license to the extent required by applicable law.

14.1.7 Transition Bond for completion of all necessary items to make the facility fully operational on or before October 31, 2013. Prior to October 1, 2013, Contractor shall provide to NHSLC in a form satisfactory to NHSLC, a Transition Bond in the amount of Three Million Dollars ($3,000,000.00), which shall be retained by the NHSLC until January 31st, 2014.

AMEND PARAGRAPH 16 as follows:

Add "or Contractor" after "the State" in both sentences. Strike "on the part of the Contractor" at the end of the paragraph. In addition, the phrase "Event of Default" where it occurs in this paragraph is amended to read "Material Breach".

In paragraph 18, strike the phrase "and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire."

Add the following new paragraphs:

<u>Contract Protest Process</u>

The Parties shall use the Contract Protest Process to resolve any dispute with respect to the Agreement

The Issuing Officer, or his or her successor, shall be the NHSLC's representative.

Prior to the filing of any formal proceedings with respect to a dispute (other than an action seeking injunctive relief with respect to intellectual property rights), the party believing itself aggrieved (the "Invoking Party") shall call for dispute negotiation by written notice to the other party. Such notice shall be without prejudice to the Invoking Party's right to any other remedy permitted by this Agreement.

The parties shall use all reasonable efforts to arrange personal meetings and/or telephone conferences as needed, at mutually convenient times and places, between negotiators for the parties.

In the event that the Parties are unable to reach agreement after good faith negotiations, the parties may agree to utilize a Mediator with experience in the issue in dispute. The selection of the Mediator shall be by mutual agreement of the Parties. The decision by such Mediator shall be non-binding and not evidence in any further proceeding. Following the decision of the Mediator, if any, the matter shall be submitted to the NHSLC for a determination following a hearing. The resulting Order may be appealed pursuant to RSA 541

26. Contract Transition Period

If this contract expires or is terminated before a Vendor is selected and prepared to provide Warehouse services to the NHSLC, Contractor agrees to continue the services described under the current contract for up to 9 months at the prices to be negotiated by the parties.

Contractor also agrees, at the discretion of the NHSLC, to assist the NHSLC in all transition services including, but not limited to the following:

Before transition can begin, the new Vendor must meet all the specifications of the future RFP in actuality and/or demonstrate the ability, using dummy transactions provided by the NHSLC, to interface with the NHSLC's computer and business systems on a magnitude consistent with actual conditions.

All costs associated with the transfer of Product and control from the existing Warehouse (s) ("old") to the Warehouse of the successful Vendor ("new"), including, but not limited to, shipping, handling and transportation, shall be borne by the NHSLC or the defaulted Contractor.

The NHSLC, in conjunction with both "old" and "new" Warehouses, shall establish a deadline for the transfer of all Product to the "new" Warehouse. The NHSLC will, if possible, select a period during a time of slow sales (such as January-March) and schedule as short a period as is practical for the transfer of all Product from the "old" to the "new" Warehouse. Notification of the deadline will be given within a reasonable period, to be arranged with the Vendor and existing Contractor at award.

The NHSLC shall determine when Product is to be transferred. At no time during transfer shall the same brand code be distributed from more than one Warehouse.

As Product is depleted or transferred from the "old" Warehouse, Product overages and shortages shall be reconciled to determine a net financial obligation among the NHSLC, the "old" Warehouse and the Product Vendor. The NHSLC shall observe and audit the transfer proceedings. Overages will be transferred to the "new" Warehouse as normal inventory or to the Product Vendor if the code is no longer a bailment item. Overages and Shortages shall be resolved between the Warehouse and the Product Vendor, or NHSLC if the Product is owned by the NHSLC, at cost upon invoicing.

27 Assignment Provision

Contractor hereby agrees that it will assign all causes of action that it may acquire under the antitrust laws of the State of New Hampshire and the United States as a result of conspiracies, combinations, or contracts in restraint of trade which affect the price of goods or services obtained by the NHSLC under this contract if so requested by the State of New Hampshire.

28 <u>News Releases</u>

After award and final approval, the Vendor may make public the existence of the contract and the business relationship with the NHSLC. All other information must be approved by the NHSLC before it is made public, such approval not to be unreasonably withheld.

29 Confidentiality/Sensitive Information

Contractor may have access to confidential/sensitive information in the course of performing its obligations under the contract, and may be required to sign a mutually agreed upon confidentiality agreement.

END OF EXHIBIT C

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, November 15, 2012 10:45 AM
To: Craig W. Bulkley
Subject: Shipments around holidays

To confirm our conversation, for each holiday Exel, the NHSLC, and the transport provider will mutually agree on a plan to service the stores and licensees. Execution of this plan will not incur any accessorial charges.

Cheers,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, November 15, 2012 10:39 AM
To: Judge, Steve
Cc: Craig W. Bulkley; Rob Whipple (Exel US); Greg Foreman (EXEL US); Fred Takavitz (Exel US)
Subject: Exhibits
Attachments: EXHIBIT A1 - SL Amendments v4.docx; EXHIBIT B to Long-Term Contract - SL Amendments v3.docx; NHSLC Pricing EXHIBIT F v3.docx

Latest versions of these exhibits.

Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

EXHIBIT A -

CONTRACT SERVICES

OPERATION OF BAILMENT WAREHOUSE AND DISTRIBUTION CENTER

1. The Contractor and the NHSLC shall be described as "the Parties." Contractor shall operate, on behalf of the New Hampshire State Liquor Commission ("NHSLC"), a liquor warehousing and distribution center to be located at Contractor's facilities. Liquor warehousing and distribution center services to be provided by Contractor to the NHSLC and/or its vendors/suppliers and on-and off-premise licensees shall include: bailment warehousing and related services for liquor product owned by NHSLC licensed Vendors/suppliers and product owned by the NHSLC.

2. Contractor shall comply with the requirements for warehousing and distribution services as specified in the Request for Proposals issued by the NHSLC and attached hereto as Exhibit D including, all appendices and all clarifications and amendments ("RFP") only to the extent that Contractor has agreed to any such requirements as specified in Contractor's proposal and replies submitted in response to the RFP (the "Proposal") the proposal and replies attached as Exhibit E; the RFP and Proposal being incorporated herein by reference. Contractor shall also comply with all applicable administrative rules adopted by the NHSLC regulating the warehousing of liquor and any amendments thereto and all applicable state law. In the event that any provision of the RFP or Proposal shall conflict or be inconsistent with any provision of Exhibits A, B, or F of this Agreement, the RFP shall govern.

3. By executing this Agreement, NHSLC makes no promises or guarantees as to volume of warehousing and distribution services to be required by NHSLC, any of its vendors/suppliers, or its ~~on-and off-premise~~ licensees for the duration of this Agreement or any extension thereof. Notwithstanding any provision of this Agreement or the RFP and amendments thereto to the contrary, this Agreement is an exclusive agreement, and NHSLC will not retain any other person or entity to provide any warehouse distribution services for NHSLC and the NHSLC licensed Vendors/suppliers during the term of this Agreement and any extensions/renewals thereof, provided, however, NHSLC reserves the right to utilize a State owned or operated warehouse to store and distribute NHSLC owned Product and New Hampshire made Product.

4. Warehousing Capacity. For the initial thirty (30) months of the contract, the Contractor shall at all times maintain adequate warehouse storage capacity of product which may be adjusted according to seasonable needs, as agreed to by the parties.

The Contractor will use industry standards to calculate the adequate warehousing storage capacity required to safely and efficiently provide the Services ("Warehouse Capacity"). These calculations will take into account trends, growth and the seasonality of the business. The Warehouse Capacity shall be reviewed starting ninety (90) days prior to the end of the first and

each subsequent thirty (30) month period and the parties will mutually agree to the adequate Warehouse Capacity required for the next thirty (30) month period.

If at any point during the Agreement after the initial thirty (30) month period, the on-hand inventory exceeds the agreed adequate Warehouse Capacity, the Contractor has the right to request a rate increase from the NHSLC to be charged to the industry to cover incremental costs incurred to restore Warehouse Capacity. Such rate increase will not unreasonably be withheld. These higher rates will remain in effect until the Warehouse Capacity is restored. The Contractor will be responsible for acquiring any additional storage space required to ensure sufficient Warehouse Capacity.

5. Force Majeure. Contractor shall not be liable or responsible for delays or failures in performance, or any loss or damage to any liquor and wine products of the NHSLC resulting from events beyond the reasonable control of the Contractor. Such events shall include, but not be limited to, acts of God, , riots, acts of war, epidemics, acts of government, fire , power failures, nuclear accidents, earthquakes, unusually severe weather, or other disasters, whether or not similar to the foregoing.

6. Consequential and Indirect Damages. Notwithstanding any other provision of this agreement to the contrary, neither party, in the performance of their obligations under this agreement shall be liable to the other for any indirect or consequential damages (such as, but not limited to: loss of profits, loss of business, loss of customer goodwill or exemplary damages or the costs and expenses in providing or securing substitute revenues even if the parties have been advised of the possibility of the same, and without regard to the nature of the claim or the underlying theory or cause of action (whether in contract, tort or otherwise).

7. In the event the Contractor owes damages due to a material breach or the Contractor owes liquidated damages due to not achieving the Target Level for a KPI as referenced in paragraph 12 of this Exhibit A, the Contractor shall pay the damages or liquidated damages. If the Contractor fails to pay the damages or liquidated damages within a reasonable time, the NHSLC shall recover the damages or liquidate damages from the Performance Bond (as here and after defined), provided, however, that the Contractor restores the bond to its original or any increased amount within a reasonable time.

8. The Contractor is responsible for the reasonable costs of making modifications and updates to the Contractors systems to stay current with the future systems utilized by New Hampshire State Liquor Commission.

9. Contractor shall not assign any personnel to perform the services who Contractor knows or constructively should know, after reasonable investigation and other employment screening to the extent permitted by Applicable Law (i) has been convicted of fraud, embezzlement or other similar crimes involving dishonesty (as evidenced by background checks by Contractor which seeks information for the past seven (7) years), or (ii) does not meet the requirements under New Hampshire or immigration Law to be employed or to perform services at such locations as may

be required. Contractor agrees to defend and indemnify NHSLC from losses or claims incurred by NHSLC to the extent arising from Contractor's breach of the above requirements.

10. The NHSLC reserves the right to order the Contractor to add a premium to the Warehouse Service Charges in order to comply with statutory, financial, or other requirements. Such premium shall be charged by the Contractor and returned to the NHSLC with no charge to the NHSLC.

11. Handling charges for receipt of Product transferred from existing warehouse(s) will be as follows: 1) no charge for the first 50,000 cases received; 2) $0.50 for each case from 50,000 to 100,000 cases received; and, 3) $0.92 for each case beyond 100,000 cases received. In order to avoid charging the NHSLC or Suppliers duplicate storage fees, storage charges for transferred Product shall not accrue until the first day of the month following the transfer. Contractor is not responsible for any costs associated with transportation of the Products from existing warehouses.~~.~~

12. Key Performance Indicators (KPIs)

(a) In order to evaluate the performance of the Services, the parties agreed to the KPIs listed on KPI Schedule below. The KPI Schedule sets forth the KPI, the Goal and the Target Level. The Contractor's failure to meet any of the KPIs shall be excused to the extent such failure is caused by the acts or omissions of the NHSLC, the Suppliers, Licensees, other third parties or because of Force Majeure events.

(b) In the event of a significant service failure, Contractor will promptly notify the NHSLC (or NHSLC will notify Contractor) of such failure, and will advise the NHSLC as to the course of action that will be taken in order to correct such failure. The NHSLC will either agree with the course of action or advise Contractor that alternative measures should be taken. The Contractor will act to resolve the issue as swiftly as possible to the satisfaction of the NHSLC.

(c) Each week prior to the scheduled Commission meeting the Contactor will prepare a report written status report ~~of~~ including service failures along with the corrective action ~~taken~~ and provide the report to the NHSLC. The Contractor shall attend all scheduled meetings unless the Parties agree otherwise.

(d) For each KPI described in the KPI Schedule, if the average of the Contractor's daily performance over a thirty (30) day rolling consecutive period fails to meet the Target Level as described in the KPI Schedule, the NHSLC may require the Contractor to pay the NHSLC liquidated damages in the amount of 0.25% (0.0025) of the Contractor's daily revenue in November 2013, 0.5% (0.005) in December 2013, 0.75% (0.0075) in January 2014, and 1% (0.01) of the Contractor's daily revenue for each day thereafter that the Contractor fails to meet the Target Level.

(e) The liquidated damages described in paragraph (d) above are the NHSLC's sole and exclusive remedy if the Contractor is not performing the Services adequately. Provided however still able to pursue non-service related.

KPI Schedule

(a) The KPIs detailed in the chart below shall apply as of November 1, 2013.

(b) This Schedule describes the service levels and performance standards that the Contractor shall provide to the NHSLC with respect to the Services. Each KPI shall be measured according to the Contractor's standard operating procedures as approved by the NHSLC. The Parties shall in good faith mutually agree to these standard operating procedures prior to November 1, 2013. The method agreed to measure the standard may result in an adjustment to the Target Level.

(c) At any time during the term of this Agreement, the NHSLC and the Contractor may upon agreement in writing revise or delete a KPI, or add a new KPI.

(d) The Contractor shall keep and maintain complete and accurate daily reports regarding the KPIs and provide them to the NHSLC ~~shall have the right to audit same~~ during the term of this Agreement.

(e) Regular management review meetings between the NHSLC and the Contractor shall be scheduled to review the actual performance against projected performance.

Key Performance Indicator	**Goal**	**Target Level**
Goods available for shipment~~ale~~ on time	Goods received by 3:00 pm will be available for shipment before 11:00 pm ~~sale by midnight the day of receiving~~ with the exception of ~~for domestic~~ ~~P~~products requiring specialized handling~~, and by midnight following the day of receiving for imported products~~	99~~8~~%
Goods loaded for shipment on time	Products loaded ~~prior to~~by the time mutually agreed with the transportation provider	99~~8~~%
Inventory accuracy	For each cycle count the quantity counted matches the quantity listed in the system without limiting the forgoing the Parties define this as shrinkage	99~~8.5~~%

Key Performance Indicator	Goal	Target Level
Order accuracy	For each item in the order, the product and quantity picked match the product and quantity ordered	99~~8.5~~%

13. Operating parameters

The following operating parameters were used by the Contractor to develop the design and the budget for the NHSLC. The NHSLC provided their data from historical information and projections. The future projections are estimates, and the purpose of the operating parameters is to set the baseline for future rate change discussions.

Hours of Operation:

5 days a week, two 8 hours shifts per day

Profile:

The following profile is used to develop the design and budget for New Hampshire. Please note the “Data Source”, where it indicates whether the data was provided, assumed or calculated.

Parameter	2013	Data Source	Comments
GENERAL	Total		
SKU Growth per Year	2.5%	Provided	November 14, 2012 Operational Parameters Review
Volume Growth per Year	3.0%	Provided for the first 30 months, then assumed	NH pricing template, pg 31 longtermwarehouseQandA5112.pdf
Store Count	77	Provided	pg 38 longtermwarehouserfp.pdf
Cube per Carton	0.7	Assumed/Calculated from Provided	Referenced Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Weight per Carton (bs)	32.5	Provided	pg 41 longtermwarehouserfp.pdf range 30-35 b
% Wine	50%	Provided	November 14, 2012 Operational Parameters Review
% Spirit	50%	Provided	November 14, 2012 Operational Parameters Review
% Beer	0%	Calculated from Provided	
INBOUND			
Inbound Receipt Type			
% Case Palletized	2%	Calculated from Provided	NH pricing template, Pallet Pack is assumed pallets received
% Case Sliphseet	0%	Calculated from Provided	
% Case Floor loaded	98%	Calculated from Provided	
Cases Palletized	124,657	Calculated from Provided	
Case Sliphseet	-	Calculated from Provided	
Case Floor loaded	5,432,960	Calculated from Provided	
Annual Cartons	5,557,618	Provided	NH pricing template
Annual Cube	3,890,332	Calculated from Assumed	
IB Cube per Pallet	46	Calculated from Assumed	
IB Cases per Pallet or Slip-Sheet	65	Provided	pg 20 longtermwarehouserfp.pdf range usually 60-70 cases per pallet
IB Equivalent Plt	85,502	Calculated from Provided	
INVENTORY			
Inventory Weeks on Hand (WOS)	9.3	Calculated from Provided	
Annual Inv Turns	5.6	Calculated from Provided	
Average Inventory Cartons	991,754	Calculated from Provided	NH pricing template
Peak Inventory Cartons	1,135,152	Calculated from Provided	
Peak Inventory Cube	794,607	Calculated from Assumed	
Peak Inventory Pallet	17,464	Calculated from Provided	
Peak SKUs on Hand	10,009	Provided	pg 77 longtermwarehouserfp.pdf
Inventory peak-to-avg ratio	1.14	Provided	pg 84 longtermwarehouserfp.pdf
% Honey comb factor	15%	Industry Standard	
% Warehouse utilization	85%	Industry Standard	

Parameter	2013	Data Source	Comments
OUTBOUND			
Annual Cartons	5,419,308	Calculated from Provided	NH pricing template
Annual Carton Picks	5,410,419	Provided	NH pricing template
Annual Unit Picks	577,749	Provided	NH pricing template
Units per Case	9	Calculated from Provided	pg 20 longtermwarehouserfp.pdf range usually 6-12 units per case
Peak-to-average ratio	1.21	Calculated from Provided	
% Cases Licensee	24%	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
% Cases Store	76%	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Store			
Line/Invoice	198.70	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Case/Line	1.28	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Licensee			
Line/Invoice	37.30	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Case/Line	1.20	Calculated from Provided	Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Returns (cases)	1,930	Provided	NH pricing template
OUTBOUND SEASONALITY			
January	6%	Provided	pg 78 longtermwarehouserfp.pdf
February	6%	Provided	
March	7%	Provided	
April	7%	Provided	
May	8%	Provided	
June	10%	Provided	
July	10%	Provided	
August	10%	Provided	
September	9%	Provided	
October	8%	Provided	
November	9%	Provided	
December	10%	Provided	
Peak to Average Ratio	1.21	Provided	

The following table was provided to project growth for future years. It is assumed that order profile remains the same in future years (ie, lines/order) and only the volume increases.

	1	2	3	4	5	6	7	8	9	10
Parameter	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Volume Growth per Year	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
INBOUND										
Annual Cartons	5,557,618	5,724,346	5,896,076	6,072,959	6,255,147	6,442,802	6,636,086	6,835,169	7,040,224	7,251,430
Annual Pallets	85,502	88,067	90,709	93,430	96,233	99,120	102,094	105,156	108,311	111,560
INVENTORY										
Annual Inv Turns	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Average Inventory Cartons	991,754	1,021,507	1,052,152	1,083,716	1,116,228	1,149,715	1,184,206	1,219,732	1,256,324	1,294,014
Peak Inventory Cartons	1,135,152	1,169,207	1,204,283	1,240,412	1,277,624	1,315,953	1,355,431	1,396,094	1,437,977	1,481,116
Peak Inventory Pallet	17,464	17,988	18,527	19,083	19,656	20,245	20,853	21,478	22,123	22,786
Peak SKUs on Hand	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009
OUTBOUND										
Annual Cartons	5,419,308	5,581,887	5,749,344	5,921,824	6,099,479	6,282,463	6,470,937	6,665,065	6,865,017	7,070,967
Annual Pallets	83,374	85,875	88,451	91,105	93,838	96,653	99,553	102,539	105,616	108,784
Annual Carton Picks	5,410,419	5,572,732	5,739,914	5,912,111	6,089,475	6,272,159	6,460,324	6,654,133	6,853,757	7,059,370
Annual Unit Picks	577,749	595,082	612,934	631,322	650,262	669,770	689,863	710,559	731,875	753,832

	11	12	13	14	15	16	17	18	19	20
Parameter	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2031**
Volume Growth per Year	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
INBOUND										
Annual Cartons	7,468,973	7,693,042	7,923,834	8,161,549	8,406,395	8,658,587	8,918,345	9,185,895	9,461,472	9,745,316
Annual Pallets	114,907	118,354	121,905	125,562	129,329	133,209	137,205	141,321	145,561	149,928
INVENTORY										
Annual Inv Turns	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Average Inventory Cartons	1,332,834	1,372,819	1,414,004	1,456,424	1,500,117	1,545,120	1,591,474	1,639,218	1,688,395	1,739,046
Peak Inventory Cartons	1,525,550	1,571,316	1,618,456	1,667,009	1,717,020	1,768,530	1,821,586	1,876,234	1,932,521	1,990,496
Peak Inventory Pallet	23,470	24,174	24,899	25,646	26,416	27,208	28,024	28,865	29,731	30,623
Peak SKUs on Hand	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009
OUTBOUND										
Annual Cartons	7,283,096	7,501,589	7,726,637	7,958,436	8,197,189	8,443,105	8,696,398	8,957,290	9,226,009	9,502,789
Annual Pallets	112,048	115,409	118,871	122,437	126,111	129,894	133,791	137,804	141,939	146,197
Annual Carton Picks	7,271,151	7,489,286	7,713,964	7,945,383	8,183,745	8,429,257	8,682,135	8,942,599	9,210,877	9,487,203
Annual Unit Picks	776,447	799,740	823,732	848,444	873,898	900,114	927,118	954,931	983,579	1,013,087

Additional Assumptions:

- Net 30 days payment terms
- Staffing and capital assumed as new; no existing components leveraged
- 20 years term for pricing, as requested
- 20 moves a day for yard activities
- Annual physical inventory count is required and included in pricing
- Shipping and packaging supplies, including: pallet labels, case labels and stretch wrap included in pricing
- 100% outbound pallets returned
- ~~• No SKU growth over 20 years as provided by the New Hampshire State Liqor Commission~~
- Standard pallet size of 40"x48" as described in RFP
- All inbound units have UPC labels that can be scanned
- ~~New Hampshire's support personal during transition is not included in the pricing~~
- The annual depreciation and interest calculations for capital expenditures is calculated assuming average useful life for assets. For example, $3.5M of capital amortized over 10 years results in the following depreciation and interest calculations:
  - Depreciation = $3,500,000 ÷ 10 = $350,000 per year
  - Interest (8%) = ($3,500,000 ÷ 2) x 8% = $140,000 average per year
- For year over year projections, the following assumptions have been made starting in year 2:

Wage Inflation	2%
Benefit Inflation	11%
Productivity Improvement	5% Year 2, 3% Year 3+
Operational Supplies and Maintenance Inflation	2%
Facility Inflation	3%

- Provided data of 5,557,618 inbound cases is not equal to 5,419,308 of outbound cases
- The Contractor will not be receiving orders from Licensees or Stores. NHSLC will receive the orders and pass to Contractor for fulfillment, as stated on page 85 of the RFP document

~~14. Transfer of Product into the Contractor's warehouse~~

~~In an effort to avoid charging the NHSLC or Suppliers duplicate storage fees, storage charges for transferred Product shall not accrue until the first day of the month following the transfer.~~

END OF EXHIBIT A

EXHIBIT B

CONTRACT PRICE, METHOD AND TERMS OF PAYMENT

1. NHSLC suppliers/vendors Charges.

   a. Rates Effective -Term. The Warehouse Service Charges listed in Exhibit F are valid for the initial thirty (30) months of the contract: from November 1, 2013 until April 30, 2016. Thereafter, Contractor and NHSLC may renegotiate rates as provided for in Exhibit C.

   b. Handling Charges. Handling charges, as defined in Exhibit F, shall be charged by Contractor directly to NHSLC suppliers/vendors for all supplier/vendor-owned product received into the ~~Contractor~~ Warehouse, NHSLC shall not be charged handling fees for internal transfers of ownership of product from a suppliers/vendors bailment inventory to the account of NHSLC.

   c. Storage Charges. NHSLC vendors/suppliers shall be charged storage charges as provided in Exhibit F.

   d. Allocated / Restricted Product Storage. For purposes of this Agreement, "allocated / restricted product" shall mean a product designated as "allocated / restricted" by the NHSLC and which is generally allocated for purchase by either specific licensees or classes of licensees, is of limited availability, and/or for which sale is managed over a period of time. Allocated / restricted product held in inventory shall be charged storage at the allocated product rates provided in Exhibit F.

   e. Payment Terms. Contractor fees invoiced to NHSLC vendors/suppliers shall be due upon receipt. Finance Charges apply at an annual rate of 18% for uncollected funds at the end of each calendar month.

2. NHSLC Charges.

   a. For the first 35,000 cases received during any month into the warehouse for NHSLC's account (NHSLC-owned stock), NHSLC shall not be charged storage fees for the first 56 days from receipt. After 56 days, NHSLC shall be charged storage fees at the same rates as provided in Exhibit F for suppliers/vendors. NHSLC-owned stock in excess of 35,000 cases received during any month shall be charged storage, fees from Day 1 at the same rates as provided in Exhibit F for suppliers/vendors.

   b. The following charges as per Exhibit F will be charged to NHSLC

i. Returned product for NHSLC stores

ii. Physical inventory count of NHSLC owned product

~~. Out of State orders~~

~~d.~~c. Invoices. Contractor shall submit to NHSLC monthly invoices for payment which shall identify all charges incurred by NHSLC for the previous or ending month. All charges shall specify the total number of cases for which services were provided, the per case and total charge, plus any miscellaneous charges incurred. Invoices shall be accompanied with adequate backup data supporting all charges.

~~e.~~d. Payment Terms. Contractor fees invoiced to NHSLC shall be due upon receipt. No late charges or interest charges shall be billed to NHSLC.

END OF EXHIBIT B

EXHIBIT F

Warehouse Service Charges Charged to Suppliers
November 1, 2013 through April 30, 2016

BASIC BAILMENT CHARGES:

INBOUND HANDLING:

Covers the ordinary labor and duties incident to the unitized (slipsheet, pallet, or clamp) unloading of cases; verifying case quantities against a proper packing slip and carrier bill of lading; placing into storage, administrative receiving. Handling is charged upon receipt of goods and calculated on a "per code per receipt" basis.

Codes of 1 – 180 cases	$0.92 per case
Codes of 181 – 299 cases	$0.92 per case
Codes of 300 – 669 cases	$0.92 per case
Codes of 670+	$0.92 per case
Pallet packs	$10.00 per pallet
Cases received uncoded or other unsaleable status	$5.00 per line item surcharge
Returns (Licensee/Liquor Stores) – charged to NHSLC	$5.00 per case / $1.00 per bottle / $10.00 per pallet

STORAGE:

Storage is calculated on an anniversary basis and initially charged upon receipt. For each 14-calendar day from date of receipt, the number of cases in storage is charged according to the table below on a "per code per receipt" basis.

Cases in inventory	1 – 84	days from receipt	$0.11 per case per 14 days
Cases in inventory	85 -182	days from receipt	$0.30 per case per 14 days
Cases in inventory	183 – 365	days from receipt	$0.80 per case per 14 days
Cases in inventory	366+	days from receipt	$1.25 per case per 14 days

---

Allocated / Restricted inventory	1 – 84 days from receipt	$0.11 per case per 14 days
Allocated / Restricted inventory	85+ days from receipt	$0.30 per case per 14 days

(Special Rates apply to selected wines only)

Definition of Allocated / Restricted Inventory - wines that are generally available in small quantities and may be in high demand by consumers. Allocated / Restricted wines must meet certain criteria to qualify for the program and as an incentive for suppliers to allocate these highly sought after wines a special reduced storage rate is offered.

Any case, 0-365 days, on an unsaleable status:	$0.80 per case per 14 days
Any case, 366+ days, on an unsaleable status:	$1.25 per case per 14 days

---

Pallet packs in inventory	1 – 84	days from receipt	$5.00 per pallet per 14 days
Pallet packs in inventory	85 – 182	days from receipt	$10.00 per pallet per 14 days
Pallet packs in inventory	183 – 365	days from receipt	$30.00 per pallet per 14 days
Pallet packs in inventory	366+	days from receipt	$50.00 per pallet per 14 days

---

Pallet pack, 0-365 days, on an unsaleable status:	$30.00 per pallet per 14 days
Pallet pack, 366+ days, on an unsaleable status:	$50.00 per pallet per 14 days

Note: To qualify for this rate the pallet is considered to be one unit. (Received as one unit and shipped out as received in)

Refrigerated Storage	$0.37 per case per 14 days

$15.84 per pallet per 14 days

OUTBOUND ORDER PROCESSING/REPORTING:

Consists of creating a packing slip, permanent adhesive labels for each in-state liquor store and licensee shipment, electronic shipping orders provided daily to suppliers summarizing the quantities of each product shipped.

Automatic Orders (Cases) Out of State	$0.75 per case

ACCESSORIAL SERVICE CHARGES:

ADVERTISING MATERIAL

Handling (small/large)	$0.74 / $1.94 per carton
Storage (small/large):	$0.50 / $3.50 per carton per month

BLANKETS

Handling:	$24.74 per blanket
Storage:	$ 6.50 per blanket per month

EXTRA WAREHOUSE LABOR

Labor used for handling services not included in the normal processing of a receipt or shipment, nor listed separately	Regular Time $34.65 per person/per hour Overtime $52.00 per person/per hour Sunday/Holiday $63.00 per person/per hour

EXTRA WAREHOUSE LABOR & EQUIPMENT
(must be pre-approved)

Labor and equipment used for handling services not included in the normal processing of a receipt or shipment, nor listed separately below	Regular Time $66.00 per person/per hour Overtime $81.00 per person/per hour Sunday/Holiday $91.00 per person/per hour

OFFICE SERVICE CHARGE (must be pre-approved)

Labor used for office services and other unusual office or data information services not included in the normal administration of receipts, shipments, or inventory.	Regular Time $34.65 per person/per hr Overtime $52.00 per person/per hr Sunday/Holiday $63.00 per person/per hr

ANNUAL PHYSICAL INVENTORY

$0.11 per case
$0.09 per bottle
~~$0.13 per case (for NHSLC owned product)~~

SPECIAL REQUEST DOCUMENTATION RUNS

For the printing and forwarding of reports and/or invoices available electronically	$25.00 per run

FACSIMILE CHARGE $1.25 per page

DESTRUCTION OF INVENTORY

Rate subject to change based on disposal fees and transportation costs.	$3.80 per case (0-55) $3.00per case (56+)

LABELING:

Labor and materials used to apply SLC code labels to **un**coded cases.	<56 cases per code	$2.50 per case
	56-99 cases per code	$2.00 per case
	100-299 cases per code	$1.25 per case
	300+ cases per code	$ 0.75 per case
	Minimum per code	$13.50

RELABELING:

Labor and materials used to apply SLC code labels to coded cases. $1.00 per case / $15 min

DUPLICATE LABELS:

Labor and materials used to create labels that were not needed. $1.00 per case / $15 min

MISSED APPOINTMENTS:

Charged after the third missed appointment in a rolling 12-mo period $250.00 per appointment

PALLET CHARGE

$12.00 per pallet

LIABILITY AND LIMITATION OF DAMAGES

For cases in its possession, the warehouseman shall be liable for loss or damage only when caused by his or her failure to exercise such care for them as a reasonably careful person would exercise, but, he or she shall not be liable for any loss or damage to the goods which could not have been avoided by the exercise of such care. The amount of damages that depositor may recover from the warehouseman for lost or damaged goods is limited to the actual cost incurred by such Supplier for such goods not to exceed $90.00 per case unless there has been a catastrophic loss, which is defined as any combined loss across suppliers and all products of $5,000,000 or more, in which case the total amount of damages that depositor may recover from the warehouseman is equal to a formula the denominator of which is total loss across all suppliers and the numerator of which is the value of the supplier's loss at cost multiplied by $5,000,000. In no event shall the warehouseman's combined liability to all depositors in the event of a catastrophic loss exceed $5,000,000 for that loss. Depositor waives on behalf of itself and its insurer(s) any claims for damages in excess of the limitation set forth above.

INVOICE TERMS

Net Due, Finance Charges apply at an annual rate of 18% for uncollected funds at the end of each calendar month.

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Wednesday, November 14, 2012 4:30 PM
To: Craig W. Bulkley
Subject: RE: RFP Process

Received – Thank-you.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Wednesday, November 14, 2012 4:23 PM
To: Scott Lyons (EXEL CA)
Subject: RFP Process

Scott:

As a matter of courtesy, this is to notify you that, under Section 4.6 and 4.6.1, Page 35 of the Warehouse RFP, a Vendor has been notified in writing of its selection for contract discussions because its proposal has been determined to be the most advantageous to the state as determined by the NHSLC after taking into consideration all of the evaluation factors. Contract negotiations are ongoing.

We must remind you that if the NHSLC is unable to reach an agreement during contract discussions, it may commence discussions with the next highest-ranked Vendor.

You are also reminded that this entire process is confidential until the contract is approved by the office of the Attorney General. You will be notified when and if that occurs.

Thank you.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

CONFIDENTIALITY NOTICE

From: Craig W. Bulkley <cbulkley@liquor.state.nh.us>
Sent: Wednesday, November 14, 2012 4:23 PM
To: Scott.Lyons@exel.com
Subject: RFP Process - EXEL

Scott:

As a matter of courtesy, this is to notify you that, under Section 4.6 and 4.6.1, Page 35 of the Warehouse RFP, a Vendor has been notified in writing of its selection for contract discussions because its proposal has been determined to be the most advantageous to the state as determined by the NHSLC after taking into consideration all of the evaluation factors. Contract negotiations are ongoing.

We must remind you that if the NHSLC is unable to reach an agreement during contract discussions, it may commence discussions with the next highest-ranked Vendor.

You are also reminded that this entire process is confidential until the contract is approved by the office of the Attorney General. You will be notified when and if that occurs.

Thank you.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From:	Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent:	Wednesday, November 14, 2012 11:17 AM
To:	Judge, Steve
Cc:	Craig W. Bulkley; Rob Whipple (Exel US); Greg Foreman (EXEL US); Fred Takavitz (Exel US)
Subject:	Exhibit B
Attachments:	EXHIBIT B to Long-Term Contract - SL Amendments v3.docx

Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

EXHIBIT B

CONTRACT PRICE, METHOD AND TERMS OF PAYMENT

1. NHSLC suppliers/vendors Charges.

   a. Rates Effective -Term. The Warehouse Service Charges listed in Exhibit F are valid for the initial thirty (30) months of the contract: from November 1, 2013 until April 30, 2016. Thereafter, Contractor and NHSLC may renegotiate rates as provided for in Exhibit C.

   b. Handling Charges. Handling charges, as defined in Exhibit F, shall be charged by Contractor directly to NHSLC suppliers/vendors for all supplier/vendor-owned product received into the Contractor NHSLC shall not be charged handling fees for internal transfers of ownership of product from a suppliers/vendors bailment inventory to the account of NHSLC.

   c. Storage Charges. NHSLC vendors/suppliers shall be charged storage charges as provided in Exhibit F.

   d. Allocated Product Storage. For purposes of this Agreement, "allocated product" shall mean a product designated as "allocated" by the NHSLC and which is generally allocated for purchase by either specific licensees or classes of licensees, is of limited availability, and/or for which sale is managed over a period of time. Allocated product held in inventory shall be charged storage at the allocated product rates provided in Exhibit F.

   e. Payment Terms. Contractor fees invoiced to NHSLC vendors/suppliers shall be due upon receipt. Finance Charges apply at an annual rate of 18% for uncollected funds at the end of each calendar month.

2. NHSLC Charges.

   a. For the first 35,000 cases received during any month into the warehouse for NHSLC's account (NHSLC-owned stock), NHSLC shall not be charged storage fees for the first 56 days from receipt. After 56 days, NHSLC shall be charged storage fees at the same rates as provided in Exhibit F for suppliers/vendors. NHSLC-owned stock in excess of 35,000 cases received during any month shall be charged storage, fees from Day 1 at the same rates as provided in Exhibit F for suppliers/vendors.

   b. The following charges as per Exhibit F will be charged to NHSLC

      i. Returned product for NHSLC stores

ii. Physical inventory count

iii. Out of State orders

c. Invoices. Contractor shall submit to NHSLC monthly invoices for payment which shall identify all charges incurred by NHSLC for the previous or ending month. All charges shall specify the total number of cases for which services were provided, the per case and total charge, plus any miscellaneous charges incurred. Invoices shall be accompanied with adequate backup data supporting all charges.

d. Payment Terms. Contractor fees invoiced to NHSLC shall be due upon receipt. No late charges or interest charges shall be billed to NHSLC.

END OF EXHIBIT B

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Wednesday, November 14, 2012 10:10 AM
To: Judge, Steve
Cc: Craig W. Bulkley
Subject: Exhibits A and C
Attachments: EXHIBIT A1 - SL Amendments v3.docx; EXHIBIT C to Long-Term Contract - SL Amendments v3.docx

Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

EXHIBIT A -

CONTRACT SERVICES

OPERATION OF BAILMENT WAREHOUSE AND DISTRIBUTION CENTER

1. The Contractor and the NHSLC shall be described as "the Parties." Contractor shall operate, on behalf of the New Hampshire State Liquor Commission ("NHSLC"), a liquor warehousing and distribution center to be located at Contractor's facilities. Liquor warehousing and distribution center services to be provided by Contractor to the NHSLC and/or its vendors/suppliers and on-and off-premise licensees shall include: bailment warehousing and related services for liquor product owned by NHSLC licensed Vendors/suppliers and product owned by the NHSLC.

2. Contractor shall comply with the requirements for warehousing and distribution services as specified in the Request for Proposals issued by the NHSLC and attached hereto as Exhibit D including, all appendices and all clarifications and amendments ("RFP") only to the extent that Contractor has agreed to any such requirements as specified in Contractor's proposal and replies submitted in response to the RFP (the "Proposal") the proposal and replies attached as Exhibit E; the RFP and Proposal being incorporated herein by reference. Contractor shall also comply with all applicable administrative rules adopted by the NHSLC regulating the warehousing of liquor and any amendments thereto. In the event that any provision of the RFP or Proposal shall conflict or be inconsistent with any provision of Exhibits A, B, ~~C~~ or F of this Agreement, the RFP shall govern.

3. By executing this Agreement, NHSLC makes no promises or guarantees as to volume of warehousing and distribution services to be required by NHSLC, any of its vendors/suppliers, or its on-and off-premise licensees for the duration of this Agreement or any extension thereof. Notwithstanding any provision of this Agreement or the RFP and amendments thereto to the contrary, this Agreement is an exclusive agreement, and NHSLC will not retain any other person or entity to provide any warehouse distribution services for NHSLC and the NHSLC licensed Vendors/suppliers during the term of this Agreement and any extensions/renewals thereof, provided, however, NHSLC reserves the right to utilize a State owned or operated warehouse to store and distribute NHSLC Product and New Hampshire made Product.

4. Warehousing Capacity. For the initial thirty (30) months of the contract, the Contractor shall at all times maintain adequate warehouse storage capacity of product which may be adjusted according to seasonable needs, as agreed to by the parties.

The Contractor will use industry standards to calculate the adequate warehousing storage capacity required to safely and efficiently provide the Services ("Warehouse Capacity"). These calculations will take into account trends, growth and the seasonality of the business. The Warehouse Capacity shall be reviewed starting ninety (90) days prior to the end of the first and

each subsequent thirty (30) month period and the parties will mutually agree the adequate Warehouse Capacity required for the next thirty (30) month period.

If at any point during the Agreement, the on-hand inventory exceeds the agreed adequate Warehouse Capacity, the Contractor has the right to request a rate increase from the NHSLC to be charged to the industry to cover incremental costs incurred to restore Warehouse Capacity. Such rate increase will not unreasonably be withheld. These higher rates will remain in effect until the Warehouse Capacity is restored. The Contractor will be responsible for acquiring any additional storage space required to ensure sufficient Warehouse Capacity.

5. Force Majeure. Contractor shall not be liable or responsible for delays or failures in performance, or any loss or damage to any liquor and wine products of the NHSLC resulting from events beyond the reasonable control of the Contractor. Such events shall include, but not be limited to, acts of God, , riots, acts of war, epidemics, acts of government, fire , power failures, nuclear accidents, earthquakes, unusually severe weather, or other disasters, whether or not similar to the foregoing.

6. Consequential and Indirect Damages. Notwithstanding any other provision of this agreement to the contrary, neither party, in the performance of their obligations under this agreement shall be liable to the other for any indirect or consequential damages (such as, but not limited to: loss of profits, loss of business, loss of customer goodwill ~~or punitive~~ or exemplary damages or the costs and expenses in providing or securing substitute revenues even if the parties have been advised of the possibility of the same, and without regard to the nature of the claim or the underlying theory or cause of action (whether in contract, tort or otherwise).

7. In the event the Contractor owes damages due to a material breach or the Contractor owes ~~a penalty~~liquidated damages due to not achieving the ~~minimally acceptable l~~Target Level for a KPI~~that~~ as referenced in paragraph 12 of this Exhibit A, the Contractor shall pay the damages or ~~penalty~~liquidated damages. If the Contractor fails to pay the damages or ~~penalty~~ liquidated damages within a reasonable time, the NHSLC shall recover the damages or ~~penalty~~ liquidate damages from the P~~p~~erformance B~~b~~ond (as here and after defined), provided, however, that the Contractor restores the bond to its original or any increased amount within a reasonable time.

8. The Contractor is responsible for the reasonable costs of making modifications and updates to the Contractors systems to stay current with the future systems utilized by New Hampshire State Liquor Commission.

9. Contractor shall not assign any personnel to perform the services who Contractor knows or constructively should know, after reasonable investigation and other employment screening to the extent permitted by Applicable Law (i) has been convicted of fraud, embezzlement or other similar crimes involving dishonesty (as evidenced by background checks by Contractor which seeks information for the past seven (7) years), or (ii) does not meet the requirements under New Hampshire or immigration Law to be employed or to perform services at such locations as may

be required. Contractor agrees to defend and indemnify NHSLC from losses or claims incurred by NHSLC to the extent arising from Contractor's breach of the above requirements.

10. The NHSLC reserves the right to ~~request~~ order the Contractor to add a premium to the Warehouse Service Charges in order to comply with statutory, ~~or~~ financial, or other requirements. Such premium shall be charged by the Contractor and returned to the NHSLC with no charge to the NHSLC.

11. The cost per case for the Contractor to receive Product from the existing Warehouse(s) will be no charge for the first 50,000 cases and $0.50 for each case beyond 50,000 cases received.

12. Key Performance Indicators (KPIs)

(a) In order to evaluate the performance of the Services, the parties agreed to the KPIs listed on KPI Schedule below. The KPI Schedule sets forth the KPI, the Goal and the Target Level. The Contractor's failure to meet any of the KPIs shall be excused to the extent such failure is caused by the acts or omissions of the NHSLC, the Suppliers, Licensees, other third parties or because of Force Majeure events.

(b) In the event of a significant service failure, Contractor will promptly notify the NHSLC (or NHSLC will notify Contractor) of such failure, and will advise the NHSLC as to the course of action that will be taken in order to correct such failure. The NHSLC will either agree with the course of action or advise Contractor that alternative measures should be taken. The Contractor will act to resolve the issue as swiftly as possible to the satisfaction of the NHSLC.

(c) Each week the Contactor will prepare a report of service failures along with the corrective action taken to the NHSLC.

(d) For each KPI described in the KPI Schedule, if the average of the Contractor's daily performance over a thirty (30) day rolling consecutive period fails to meet the Target Level as described in the KPI Schedule, the NHSLC may require the Contractor to pay the NHSLC liquidated damages in the amount of 0.25% (0.0025) of the Contractor's daily revenue in November 2013, 0.5% (0.005) in December 2013, 0.75% (0.075) in January 2014, and 1% (0.01) of the Contractor's daily revenue for each day thereafter that the Contractor fails to meet the Target Level.

(e) The liquidated damages described in paragraph (d) above are the NHSLC's sole and exclusive remedy if the Contractor is not performing the Services adequately.

KPI Schedule

(a) The KPIs detailed in the chart below shall apply as of November 1, 2013.

(b) This Schedule describes the service levels and performance standards that the Contractor shall provide to the NHSLC with respect to the Services. Each KPI shall be measured according to the Contractor's standard operating procedures as approved by the NHSLC. The Parties shall in good faith mutually agree to these standard operating procedures prior to November 1, 2013. The method agreed to measure the standard may result in an adjustment to the Target Level.

(c) At any time during the term of this Agreement, the NHSLC and the Contractor may upon agreement in writing revise or delete a KPI, or add a new KPI.

(d) The Contractor shall keep and maintain complete and accurate daily reports regarding the KPIs and the NHSLC shall have the right to audit same during the term of this Agreement.

(e) Regular management review meetings between the NHSLC and the Contractor shall be scheduled to review the actual performance against projected performance.

Key Performance Indicator	**Goal**	**Target Level**
Goods available for sale on time	Goods available for sale by midnight the day of receiving for domestic products, and by midnight following the day of receiving for imported products	98%
Goods loaded for shipment on time	Products loaded prior to the time mutually agreed with the transportation provider	98%
Inventory accuracy	For each cycle count the quantity counted matches the quantity listed in the system	98.5%
Order accuracy	For each item in the order, the product and quantity picked match the product and quantity ordered	98.5%

13. Operating parameters

Hours of Operation:

- 5 days a week, two 8 hours shifts per day

Profile:

The following profile is used to develop the design and budget for New Hampshire. Please note the "Data Source", where it indicates whether the data was provided, assumed or calculated.

Parameter	2013	Data Source	Comments
GENERAL	Total		
Volume Growth per Year	3%	Provided for the first 30 months, then assumed	NH pricing template, pg 31 longtermwarehouseQandA5112.pdf
Store Count	77	Provided	pg 38 longtermwarehouserfp.pdf
Cube per Carton	0.7	Assumed/Calculated from Provided	Referenced Concord_Raw_Data.accdb, Law_Raw_Data.accdb
Weight per Carton (lbs)	32.5	Provided	pg 41 longtermwarehouserfp.pdf range 30-35 lb
% Wine	80%	Provided	pg 31 longtermwarehouseQandA5112.pdf
% Spirit	20%	Provided	pg 31 longtermwarehouseQandA5112.pdf
% Beer	0%	Calculated from Provided	
INBOUND			
Inbound Receipt Type			
% Case Palletized	2%	Calculated from Provided	NH pricing template, Pallet Pack is assumed pallets received
% Case Sliphseet	0%	Calculated from Provided	
% Case Floor loaded	98%	Calculated from Provided	
Cases Palletized	124,657	Calculated from Provided	
Case Sliphseet	-	Calculated from Provided	
Case Floor loaded	5,432,960	Calculated from Provided	
Annual Cartons	5,557,618	Provided	NH pricing template
Annual Cube	3,890,332	Calculated from Assumed	
IB Cube per Pallet	46	Calculated from Assumed	
IB Cases per Pallet or Slip-Sh	65	Provided	pg 20 longtermwarehouserfp.pdf range usually 60-70 cases per pallet
IB Equivalent Plt	85,502	Calculated from Provided	
INVENTORY			
Inventory Weeks on Hand (W	9.3	Calculated from Provided	
Annual Inv Turns	5.6	Calculated from Provided	
Average Inventory Cartons	991,754	Calculated from Provided	NH pricing template
Peak Inventory Cartons	1,135,152	Calculated from Provided	
Peak Inventory Cube	794,607	Calculated from Assumed	
Peak Inventory Pallet	17,464	Calculated from Provided	
Peak SKUs on Hand	10,009	Provided	pg 77 longtermwarehouserfp.pdf
Inventory peak-to-avg ratio	1.14	Provided	pg 84 longtermwarehouserfp.pdf
% Honey comb factor	15%	Industry Standard	
% Warehouse utilization	85%	Industry Standard	

Parameter	2013	Data Source	Comments
OUTBOUND			
Annual Cartons	5,419,308	Calculated from Provided	NH pricing template
Annual Carton Picks	5,410,419	Provided	NH pricing template
Annual Unit Picks	577,749	Provided	NH pricing template
Units per Case	9	Calculated from Provided	pg 20 longtermwarehouserfp.pdf range usually 6-12 units per case
Peak-to-average ratio	1.21	Calculated from Provided	
% Cases Licensee	24%	Calculated from Provided	Concord_Raw_Data accdb, Law_Raw_Data.accdb
% Cases Store	76%	Calculated from Provided	Concord_Raw_Data accdb, Law_Raw_Data.accdb
Store			
Line/Invoice	198.70	Calculated from Provided	Concord_Raw_Data accdb, Law_Raw_Data.accdb
Case/Line	1.28	Calculated from Provided	Concord_Raw_Data accdb, Law_Raw_Data.accdb
Licensee			
Line/Invoice	37.30	Calculated from Provided	Concord_Raw_Data accdb, Law_Raw_Data.accdb
Case/Line	1.20	Calculated from Provided	Concord_Raw_Data accdb, Law_Raw_Data.accdb
Returns (cases)	1,930	Provided	NH pricing template
OUTBOUND SEASONALITY			
January	6%	Provided	pg 78 longtermwarehouserfp.pdf
February	6%	Provided	
March	7%	Provided	
April	7%	Provided	
May	8%	Provided	
June	10%	Provided	
July	10%	Provided	
August	10%	Provided	
September	9%	Provided	
October	8%	Provided	
November	9%	Provided	
December	10%	Provided	
Peak to Average Ratio	1.21	Provided	

The following table was provided to project growth for future years. It is assumed that order profile remains the same in future years (ie, lines/order) and only the volume increases.

	1	2	3	4	5	6	7	8	9	10
Parameter	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Volume Growth per Year	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
INBOUND										
Annual Cartons	5,557,618	5,724,346	5,896,076	6,072,959	6,255,147	6,442,802	6,636,086	6,835,169	7,040,224	7,251,430
Annual Pallets	85,502	88,067	90,709	93,430	96,233	99,120	102,094	105,156	108,311	111,560
INVENTORY										
Annual Inv Turns	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Average Inventory Cartons	991,754	1,021,507	1,052,152	1,083,716	1,116,228	1,149,715	1,184,206	1,219,732	1,256,324	1,294,014
Peak Inventory Cartons	1,135,152	1,169,207	1,204,283	1,240,412	1,277,624	1,315,953	1,355,431	1,396,094	1,437,977	1,481,116
Peak Inventory Pallet	17,464	17,988	18,527	19,083	19,656	20,245	20,853	21,478	22,123	22,786
Peak SKUs on Hand	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009
OUTBOUND										
Annual Cartons	5,419,308	5,581,887	5,749,344	5,921,824	6,099,479	6,282,463	6,470,937	6,665,065	6,865,017	7,070,967
Annual Pallets	83,374	85,875	88,451	91,105	93,838	96,653	99,553	102,539	105,616	108,784
Annual Carton Picks	5,410,419	5,572,732	5,739,914	5,912,111	6,089,475	6,272,159	6,460,324	6,654,133	6,853,757	7,059,370
Annual Unit Picks	577,749	595,082	612,934	631,322	650,262	669,770	689,863	710,559	731,875	753,832

	11	12	13	14	15	16	17	18	19	20
Parameter	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2031**
Volume Growth per Year	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
INBOUND										
Annual Cartons	7,468,973	7,693,042	7,923,834	8,161,549	8,406,395	8,658,587	8,918,345	9,185,895	9,461,472	9,745,316
Annual Pallets	114,907	118,354	121,905	125,562	129,329	133,209	137,205	141,321	145,561	149,928
INVENTORY										
Annual Inv Turns	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Average Inventory Cartons	1,332,834	1,372,819	1,414,004	1,456,424	1,500,117	1,545,120	1,591,474	1,639,218	1,688,395	1,739,046
Peak Inventory Cartons	1,525,550	1,571,316	1,618,456	1,667,009	1,717,020	1,768,530	1,821,586	1,876,234	1,932,521	1,990,496
Peak Inventory Pallet	23,470	24,174	24,899	25,646	26,416	27,208	28,024	28,865	29,731	30,623
Peak SKUs on Hand	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009	10,009
OUTBOUND										
Annual Cartons	7,283,096	7,501,589	7,726,637	7,958,436	8,197,189	8,443,105	8,696,398	8,957,290	9,226,009	9,502,789
Annual Pallets	112,048	115,409	118,871	122,437	126,111	129,894	133,791	137,804	141,939	146,197
Annual Carton Picks	7,271,151	7,489,286	7,713,964	7,945,383	8,183,745	8,429,257	8,682,135	8,942,599	9,210,877	9,487,203
Annual Unit Picks	776,447	799,740	823,732	848,444	873,898	900,114	927,118	954,931	983,579	1,013,087

Additional Assumptions:

- Net 30 days payment terms
- Staffing and capital assumed as new; no existing components leveraged
- 20 years term for pricing, as requested
- 20 moves a day for yard activities
- Annual physical inventory count is required and included in pricing
- Shipping and packaging supplies, including: pallet labels, case labels and stretch wrap included in pricing
- 100% outbound pallets returned
- No SKU growth over 20 years as provided by the New Hampshire State Liqor Commission
- Standard pallet size of 40"x48" as described in RFP
- All inbound units have UPC labels that can be scanned
- New Hampshire's support personal during transition is not included in the pricing
- The annual depreciation and interest calculations for capital expenditures is calculated assuming average useful life for assets. For example, $3.5M of capital amortized over 10 years results in the following depreciation and interest calculations:
    - Depreciation = $3,500,000 ÷ 10 = $350,000 per year

Comment [C1]: Is this correct

o Interest (8%) = ($3,500,000 ÷ 2) x 8% = $140,000 average per year

- For year over year projections, the following assumptions have been made starting in year 2:

Wage Inflation	2%
Benefit Inflation	11%
Productivity Improvement	5% Year 2, 3% Year 3+
Operational Supplies and Maintenance Inflation	2%
Facility Inflation	3%

- Provided data of 5,557,618 inbound cases is not equal to 5,419,308 of outbound cases

- The Contractor will not be receiving orders from Licensees or Stores. NHSLC will receive the orders and pass to Contractor for fulfillment, as stated on page 85 of the RFP document

14. Transfer of Product into the Contractor's warehouse

In an effort to avoid charging the NHSLC or Suppliers duplicate storage fees, storage charges for transferred Product shall not accrue until the first day of the month following the transfer.

Comment [C2]: Is this okay Steve?

END OF EXHIBIT A

EXHIBIT C

1. Certificate of Vote

This authorization notification must be consistent with Contractor's corporate structure and must accompany the contract.

An officer of the company, name and title, must certify that the person signing the contract has been given the authority to do so. That authority must be in effect the day the contract is signed. The certifying official must not be certifying him or herself, unless it is a sole proprietorship.

The document must certify that:

A. The signature of ~~<the name and position of the signor of the contract>~~Jim Gehr, President, Retail of the Corporation affixed to any Proposal shall bind the corporation to its terms and conditions.

B. The foregoing signature authority has not been revoked, annulled or amended in any manner whatsoever, and remains in full force and effect as of the date of the contract.

2. Warehouse License

Contractor shall produce a current License on demand by the NHSLC. Such demand shall provide the Contractor with a reasonable opportunity to acquire a license.

3. The Agreement is amended as follows:

Delete Paragraphs 1.16 and 1.18

Delete paragraph 3.1 and substitute the following:

Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the New Hampshire State Liquor Commission, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Attorney General approves this Agreement as to form, substance and execution ("Effective Date").

~~ADD PARAGRAPHS 3.3 and 3.4~~

~~2.2 If a new contractor is not selected to provide the Services by the Completion Date specified in Block 1.7 of the Form P-37 (General Provisions) (the "Completion Date"), the Agreement may be extended up to an additional six (6) months from the Completion Date (the "Transition Period") provided that:~~

~~3.3.1.1 NHSLC provides Contractor a minimum of six (6) months written notice prior to the Completion Date of the State's request to extend the Agreement for a transition~~

~~period, specifying the definitive and exact period of the Transition Period which shall not exceed six (6) months;~~

~~3.3.1.2 The parties reach mutual agreement on the rates that will apply to the Services during the Transition Period; and~~

~~3.3.1.3 During any such Transition Period, Contractor shall not be required to purchase or maintain any bonding, and the State shall have no rights to any Contractor bonds.~~

~~3.3.1.4 If a new Contractor is selected and the parties agree to extending the agreement for the Transition Period as described above, Contractor will provide NHSLC with reasonable assistance to transition services to a new contractor during the Transition Period such as the transfer of NHSLC product to the warehouse of the new contractor, provided that all costs and expenses incurred by Contractor and any costs and expenses associated with any such transition services shall be borne by NHSLC or the new contractor. NHSLC shall determine in its reasonable discretion the timing of any such transfer of product which shall occur within normal working hours of Contractor, unless otherwise agreed by Contractor. Net overages and shortages by Supplier shall be used to determine any financial obligation between Contractor and the supplier. Net shortages will be paid to each Supplier at the Supplier's cost upon invoicing by each Supplier. NHSLC will require the new contractor to reasonably cooperate and work with Contractor, including, but not limited to, perfoming cycle counts as necessary to verify any discrepancies.~~

DELETE PARAGRAPH 4 AND INSERT:

4. STATE FUNDING.

4.1. In the event the State has insufficient funds available to itself make continued payments under the Agreement for any Services for which the State is responsible for payment, including but not limited to, Services that carry fees to the State such as bottle picking and handling of NHSLC product, the State will immediately:

4.1.1. Fully exercise all authority to transfer funds within NHSLC's budget and any other funds available to NHSLC, including without limitation, NHSLC's authority to transfer funds under N.H. RSA 176:16, V and any revolving accounts or funds; and

4.1.2. Use best efforts and in good faith seek the necessary funding from the General Court and other governmental authorities to fulfill its obligation to make continued payments under the Agreement; and,

4.1.3 The State must immediately provide Contractor with written notice of any such funding shortfall.

4.2. Contractor may cease providing Services to the State for which the State cannot or fails to make payment, and will not be obligated to resume provision of Services to the State if funding for continued payments under the Agreement is not obtained, including without limitation, funding for any arrearages.

4.3 Notwithstanding the foregoing or any provision of this Agreement to the contrary,the Agreement will remain in effect for the full term of the Agreement, and any extensions thereof, and Contractor may continue to provide Services to others such as Licensees, Suppliers, and Vendors.

Delete 5.2

INSERT NEW 5.2:

5.2

(a) Rates. The Warehouse Service Charges listed in Exhibit F are valid for the initial thirty (30) months of the contract: from November 1, 2013 until April 30, 2016.

(b) Rate Changes. The Warehouse Service Charges shall be reviewed starting one-hundred and twenty (120) days prior to the end of the first and each subsequent thirty (30) month period and may be adjusted effective at the beginning of such thirty (30) month period. Such adjusted Rates, even if agreed to after the beginning of a thirty (30) month period, will become effective, unless otherwise agreed, as of the first day of such thirty (30) month period.

(c) Operating Parameters or Scope of Service Changes. In addition to (b) above, after April 30, 2016, if during any year of this Agreement the Services or Operating Parameters vary to such a degree (greater than 10%) that either Party in good faith believes that a Rate adjustment(s) (whether an increase or decrease) is/are equitable, it shall notify the other Party of the same, and the Parties shall endeavor in good faith to mutually agree upon a temporary or permanent adjustment as promptly as possible.

1. The Warehouse Service Charges valid for the initial thirty (30) months of the contract are based on the Services, and Operating Parameters as outlined in the Agreement and Exhibit A.

(d) Any Rate change(s) or adjustment(s) agreed by the Parties pursuant to subparagraph (b) and/or (c) above shall be reflected in an amendment to the Agreement, dated and signed by each Party.

(e) The failure of either party to propose or negotiate Rate change(s) or adjustment(s) in good faith is grounds for termination of the contract. The failure of the Parties to mutually agree upon Rate change(s) or adjustment(s) is not grounds for termination.

If the parties are not able to mutually agree upon a rate change(s) or adjustment(s), then either party may invoke the Contract Protest Process.

Delete 5.4

ADD to Paragraph 6.2

Between "affirmative action" and "to prevent" insert the phrase "as required by applicable law."

ADD to the end of paragraph 7.3

Notwithstanding the foregoing or any provision of the Agreement to the contrary, Contractor retains the right to pursue any of its remedies, both at law and in equity.

DELETE PARAGRAPH 8

INSERT NEW PARAGRAPH 8:

8. EVENT OF DEFAULT/REMEDIES.

Either party may terminate the Agreement and pursue its remedies at law and in equity for the material breach of the Agreement by the other party, provided that the injured party has given the other party prior written notice of such material breach, and there has been a failure to cure such material breach within thirty (30) business days after receipt of such notice by the other party provided, however, in the event of a material breach of the Agreement which necessitates the State to obtain temporary substitute warehouse services, the notice requirement shall be no less than twenty-four (24) hours.

DELETE PARAGRAPH 10

In paragraph 12, delete the reference to N.H. Department of Administrative Services and substitute New Hampshire State Liquor Commission.

Amend Paragraph 14.1.1 by adding after "insurance" and before "against" the following phrase, "with the State named as an additional insured."

Delete Paragraph 14.1.2

Amend Paragraph 14 by adding Subparagraph 14.1.3 as follows:

14.1.3 All Risk insurance coverage including but not limited to flood, fire and extended coverage solely for goods on hand belonging to the NHSLC in an amount of $2 million per occurrence. The All Risk insurance shall cover 100 % of NHSLC's Replacement Cost (defined as the NHSLC's purchase price for such goods plus related storage and transportation costs, if any). ~~Such insurance shall be for the benefit of~~

~~NHSLC and, i~~In the event of a claim payment; insurer or Contractor agrees to make payment directly to NHSLC. A certificate of insurance demonstrating compliance with the requirements of this Paragraph 14 shall be provided to NHSLC upon request~~<subject to final signoff by insurance company>~~.

Amend Paragraph 14.3 by deleting the last sentence and replacing it with the following sentence, "The Contractor shall endeavor to provide the Contracting Officier identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

Amend Paragraph 14 by adding Subparagraphs 14.1.4-14.1.~~6~~ 7 as follows:

14.1.4 Performance Bond. Upon final approval of this Agreement, Contractor shall provide to NHSLC in a form satisfactory to NHSLC, a P~~p~~erformance B~~b~~ond in the amount of ~~One~~ Two Million Dollars ($~~1~~2,000,000.00), which shall be retained by the NHSLC until the Completion Date. At the end of the first thirty (30) month period and at any point thereafter upon mutual agreement the amount of the Performance Bond may be adjusted.

14.1.5 The Contractor Warehouse shall be fully bonded and registered with the State of New Hampshire as a public warehouse to the extent required by applicable state law. A copy of such registration shall be provided to NHSLC upon request.

14.1.6 Once a license is issued, the Contractor shall maintain a warehouse license to the extent required by applicable law.

14.1.7 Transition Bond for completion of all necessary items to make the facility fully operational on or before October 31, 2013. Prior to October 1, 2013, Contractor shall provide to NHSLC in a form satisfactory to NHSLC, a Transition Bond in the amount of Three Million Dollars ($3,000,000.00), which shall be retained by the NHSLC until January 31st, 2014.

AMEND PARAGRAPH 16 as follows:

Add "or Contractor" after "the State" in both sentences. Strike "on the part of the Contractor" at the end of the paragraph. In addition, the phrase "Event of Default" where it occurs in this paragraph is amended to read "Material Breach".

In paragraph 18, strike the phrase "and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire."

Add the following new paragraphs:

Contract Protest Process

The Parties shall use the Contract Protest Process to resolve any dispute with respect to the Agreement

The Issuing Officer, or his or her successor, shall be the NHSLC's representative.

Prior to the filing of any formal proceedings with respect to a dispute (other than an action seeking injunctive relief with respect to intellectual property rights), the party believing itself aggrieved (the "Invoking Party") shall call for dispute negotiation by written notice to the other party. Such notice shall be without prejudice to the Invoking Party's right to any other remedy permitted by this Agreement.

The parties shall use all reasonable efforts to arrange personal meetings and/or telephone conferences as needed, at mutually convenient times and places, between negotiators for the parties.

In the event that the Parties are unable to reach agreement after good faith negotiations, the parties may agree to utilize a Mediator with experience in the issue in dispute. The selection of the Mediator shall be by mutual agreement of the Parties. The decision by such Mediator shall be non-binding and not evidence in any further proceeding. Following the decision of the Mediator, if any, the matter shall be submitted to the NHSLC for a determination following a hearing. The resulting Order may be appealed pursuant to RSA 541

26. Contract Transition Period

If this contract expires or is terminated before a Vendor is selected and prepared to provide Warehouse services to the NHSLC, Contractor agrees to continue the services described under the current contract for up to ~~6~~ 9 months at the prices to be negotiated by the parties.

Contractor also agrees, at the discretion of the NHSLC, to assist the NHSLC in all transition services including, but not limited to the following:

Before transition can begin, the new Vendor must meet all the specifications of the future RFP in actuality and/or demonstrate the ability, using dummy transactions provided by the NHSLC, to interface with the NHSLC's computer and business systems on a magnitude consistent with actual conditions.

All costs associated with the transfer of Product and control from the existing Warehouse (s) ("old") to the Warehouse of the successful Vendor ("new"), including, but not limited to, shipping, handling and transportation, shall be borne by the NHSLC or the defaulted Contractor ~~as provided in Paragraph 8~~. In an effort to avoid charging the NHSLC or Suppliers duplicate storage fees, storage charges for transferred Product shall not accrue until the first day of the month following the transfer.

The NHSLC, in conjunction with both "old" and "new" Warehouses, shall establish a deadline for the transfer of all Product to the "new" Warehouse. The NHSLC will, if possible, select a period during a time of slow sales (such as January-March) and schedule as short a period as is practical for the transfer of all Product from the "old" to the "new" Warehouse. Notification of the deadline will be given within a reasonable period, to be arranged with the Vendor and existing Contractor at award.

The NHSLC shall determine when Product is to be transferred. At no time during transfer shall the same brand code be distributed from more than one Warehouse.

As Product is depleted or transferred from the "old" Warehouse, Product overages and shortages shall be reconciled to determine a net financial obligation ~~between~~ among the NHSLC, the "old" Warehouse and the ~~"new" Warehouse~~Product Vendor. The NHSLC shall observe and audit the transfer proceedings. Overages will be transferred to the "new" Warehouse as normal inventory or to the Product Vendor if the code is no longer a bailment item. Overages and Shortages shall be resolved between the Warehouse and the Product Vendor, or NHSLC if the Product is owned by the NHSLC, at cost upon invoicing.

27 Assignment Provision

Contractor hereby agrees that it will assign all causes of action that it may acquire under the antitrust laws of the State of New Hampshire and the United States as a result of conspiracies, combinations, or contracts in restraint of trade which affect the price of goods or services obtained by the NHSLC under this contract if so requested by the State of New Hampshire.

28 News Releases

After award and final approval, the Vendor may make public the existence of the contract and the business relationship with the NHSLC. All other information must be approved by the NHSLC before it is made public, such approval not to be unreasonably withheld.

29 Confidentiality/Sensitive Information

Contractor may have access to confidential/sensitive information in the course of performing its obligations under the contract, and may be required to sign a mutually agreed upon confidentiality agreement.

~~30. Base Rates~~

~~For the purposes of this paragraph, the rates established under this Agreement shall be "Base Rates." The Base Rates are negotiated between the Parties as provided in this Agreement.~~

~~The NHSLC reserves the right to add a "Premium Rate' to the Base Rate. The Premium Rate is an amount above the Base Rate. The Premium Rate is not subject to negotiations. The Premium Rate shall not be charged to the Contractor. The Premium Rate shall be determined based on statutory, financial or other reasons at the discretion of the NHSLC. The Contractor shall collect the Premium Rate and transfer it to the NHSLC with no charge to the NHSLC.~~

END OF EXHIBIT C

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Wednesday, November 14, 2012 8:38 AM
To: Judge, Steve
Cc: Craig W. Bulkley
Subject: State Standard Contract
Attachments: State Standard Contract v1.docx

Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATIONS.

1.1 State Agency Name New Hampshire State Liquor Commission		1.2 State Agency Address P.O. Box 503, 50 Storrs St., Concord, NH 03302-0503	
1.3 Contractor Name Exel Inc.		1.4 Contractor Address 570 Polaris Parkway, Westerville, Ohio, 43802	
1.5 Contractor Phone Number 614 865-8279	1.6 Account Number	1.7 Completion Date October 31, 2033	1.8 Price Limitation
1.9 Contracting Officer for State Agency George P. Tsiopras, CFO		1.10 State Agency Telephone Number 603-230-7010	
1.11 Contractor Signature		1.12 Name & Title of Contractor Signatory Jim Gehr, President, Retail	
1.13 Acknowledgment: State of ____________, County of ____________ On, ____________, before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace (Seal)			
1.13.2 Name and Title of Notary Public or Justice of the Peace			
1.14 State Agency Signature		1.15 Name/Title of State Agency Signatory Joseph W. Mollica, Chairman Mark ~~M. Bodi, Commissioner Michael R.~~ Milligan, Commissioner	
1.16 Approval by the N.H. Department of Administration, Division of Personnel *(if applicable)* By:		Director, On:	
1.17 Approval by Attorney General (Form, Substance, and Execution) By:		On:	
1.18 Approval by Governor and Council By:		On:	

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/ COMPLETION OF SERVICES.

3.1. Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement, ("Effective Date")

3.2. If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contrctor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Sercives by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT. Notwithstanding any provision of this Agrement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/ PAYMENT.

5.1. The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.

5.2. The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services.The State shall have no liability to the Contractor other than the contract price.

5.3. The State reserves the right to offset from any amounts otherwise payable to the Contactor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4. Notwithstanding any provision in this Agrement to the contrary, and notiwthstanding unexpected circumstances, in no event shall the total of all payment authorized, or actually made hereunder, exceed the Price Limitaion set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/EQUAL EMPLOYMENT OPPORTUNITY.

6.1. In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.

6.2. During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.

6.3. If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplement by the regulations of the United State Department of Labor (41 C.F.R. Part 60), and with any rules, regulation and guidelines as the State New Hamphire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.

7.1. The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2. Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other persons, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.

7.3. The Contracting Officer specified in block 1.9, or his or her sucessor, shall be the State'e representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

8. EVENT OF DEFAULT/REMEDIES.

8.1. Any one or more of the following acts or ommissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1. failure to perform the Services satisfactorily or on schedule;

8.1.2. failure to submit any report required hereunder; and/or

8.1.3. failure to perform any other covenant, term or condition of this Agreement.

8.2. Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1. give the contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absense of a greater or lesser specification of time, thirty (30) days from the date of the notice, and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2. give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3. set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Defauls; and/or.

8.2.4. treat the Agreement as breached and pursue any of its remedies at law or in equity, or both

9. DATA/ACCESS/CONFIDENTIALITY/PRESEVATION.

9.1. As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulea, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda papers, and documents, all whether finished or unfinished.

9.2. All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon terminaiton of this Agreement for any reason .

9.3. Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. CONTRACTOR'S RELATION TO THE STATE. In the performance of this Agreement the Contractor is in all respects and independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS. The contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. INDEMNIFICATION. The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitutue a waiver of the sovereign immunity of the State, which immunity is hereby reseved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1. The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1. Comprehensive general liability insurance against all claims of bodily injury, death or property damage in amounts of not less than $250,00 per claim and $2,000,000 per occurrence: and

14.1.2. fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2. The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance and issued by insurers licensed in the State of New Hampshire.

14.3. The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under the Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modified of the policy.

15. WORKER'S COMPENSATION.

15.1. By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance, with or exempt from, the requirements of N.H. RSA chapter 281-A *("Workers' Compensation')*

15.2. To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer indentified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH No failure by the State to enforce any provisions herof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default;, or any subsequent Event of Default. No express
failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE Any notice by a party hereto to the pther party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an intrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

19. CONSTRUCTION OF AGREEMENT AND TERMS. This agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein be reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Wednesday, November 14, 2012 8:11 AM
To: Judge, Steve
Cc: Craig W. Bulkley; Fred Takavitz (Exel US); Greg Foreman (EXEL US); Rob Whipple (Exel US)
Subject: Exhibit C
Attachments: EXHIBIT C to Long-Term Contract - SL Amendments v3.docx

Here is the latest redline for Exhibit C.

Cheers,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

EXHIBIT C

1. Certificate of Vote

This authorization notification must be consistent with Contractor's corporate structure and must accompany the contract.

An officer of the company, name and title, must certify that the person signing the contract has been given the authority to do so. That authority must be in effect the day the contract is signed. The certifying official must not be certifying him or herself, unless it is a sole proprietorship.

The document must certify that:

A. The signature of ~~<the name and position of the signor of the contract>~~Jim Gehr, President, Retail of the Corporation affixed to any Proposal shall bind the corporation to its terms and conditions.

B. The foregoing signature authority has not been revoked, annulled or amended in any manner whatsoever, and remains in full force and effect as of the date of the contract.

2. Warehouse License

Contractor shall produce a current License on demand by the NHSLC. Such demand shall provide the Contractor with a reasonable opportunity to acquire a license.

3. The Agreement is amended as follows:

Delete Paragraphs 1.16 and 1.18

Delete paragraph 3.1 and substitute the following:

Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the New Hampshire State Liquor Commission, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Attorney General approves this Agreement as to form, substance and execution ("Effective Date").

ADD PARAGRAPHS 3.3 and 3.4

3.3 If a new contractor is not selected to provide the Services by the Completion Date specified in Block 1.7 of the Form P-37 (General Provisions) (the "Completion Date"), the Agreement may be extended up to an additional six (6) months from the Completion Date (the "Transition Period") provided that:

3.3.1.1 NHSLC provides Contractor a minimum of six (6) months written notice prior to the Completion Date of the State's request to extend the Agreement for a transition period, specifying the definitive and exact period of the Transition Period which shall not exceed six (6) months;

3.3.1.2 The parties reach mutual agreement on the rates that will apply to the Services during the Transition Period; and

3.3.1.3 During any such Transition Period, Contractor shall not be required to purchase or maintain any bonding, and the State shall have no rights to any Contractor bonds.

3.3.1.4 If a new Contractor is selected and the parties agree to extending the agreement for the Transition Period as described above, Contractor will provide NHSLC with reasonable assistance to transition services to a new contractor during the Transition Period such as the transfer of NHSLC product to the warehouse of the new contractor, provided that all costs and expenses incurred by Contractor and any costs and expenses associated with any such transition services shall be borne by NHSLC or the new contractor. NHSLC shall determine in its reasonable discretion the timing of any such transfer of product which shall occur within normal working hours of Contractor, unless otherwise agreed by Contractor. Net overages and shortages by Supplier shall be used to determine any financial obligation between Contractor and the supplier. Net shortages will be paid to each Supplier at the Supplier's cost upon invoicing by each Supplier. NHSLC will require the new contractor to reasonably cooperate and work with Contractor, including, but not limited to, perfoming cycle counts as necessary to verify any discrepancies.

DELETE PARAGRAPH 4 AND INSERT:

4. STATE FUNDING.

4.1. In the event the State has insufficient funds available to itself make continued payments under the Agreement for any Services for which the State is responsible for payment, including but not limited to, Services that carry fees to the State such as bottle picking and handling of NHSLC product, the State will immediately:

4.1.1. Fully exercise all authority to transfer funds within NHSLC's budget and any other funds available to NHSLC, including without limitation, NHSLC's authority to transfer funds under N.H. RSA 176:16, V and any revolving accounts or funds; and

4.1.2. Use best efforts and in good faith seek the necessary funding from the General Court and other governmental authorities to fulfill its obligation to make continued payments under the Agreement; and,

4.1.3 The State must immediately provide Contractor with written notice of any such funding shortfall.

4.2. Contractor may cease providing Services to the State for which the State cannot or fails to make payment, and will not be obligated to resume provision of Services to the State if funding for continued payments under the Agreement is not obtained, including without limitation, funding for any arrearages.

4.3 Notwithstanding the foregoing or any provision of this Agreement to the contrary,the Agreement will remain in effect for the full term of the Agreement, and any extensions thereof, and Contractor may continue to provide Services to others such as Licensees, Suppliers, and Vendors.

Delete 5.2

INSERT NEW 5.2:

5.2

(a) Rates. The Warehouse Service Charges listed in Exhibit F are valid for the initial thirty (30) months of the contract: from November 1, 2013 until April 30, 2016.

(b) Rate Changes. The Warehouse Service Charges shall be reviewed starting one-hundred and twenty (120) days prior to the end of the first and each subsequent thirty (30) month period and may be adjusted effective at the beginning of such thirty (30) month period. Such adjusted Rates, even if agreed to after the beginning of a thirty (30) month period, will become effective, unless otherwise agreed, as of the first day of such thirty (30) month period.

(c) Operating Parameters or Scope of Service Changes. In addition to (b) above, after April 30, 2016, if during any year of this Agreement the Services or Operating Parameters vary to such a degree that either Party in good faith believes that a Rate adjustment(s) (whether an increase or decrease) is/are equitable, it shall notify the other Party of the same, and the Parties shall endeavor in good faith to mutually agree upon a temporary or permanent adjustment as promptly as possible.

1. The Warehouse Service Charges valid for the initial thirty (30) months of the contract are based on the Services, and Operating Parameters as outlined in the Agreement and Exhibit A.

(d) Any Rate change(s) or adjustment(s) agreed by the Parties pursuant to subparagraph (b) and/or (c) above shall be reflected in an amendment to the Agreement, dated and signed by each Party.

(e) The failure of either party to propose or negotiate Rate change(s) or adjustment(s) in good faith is grounds for termination of the contract. The failure of the Parties to mutually agree upon Rate change(s) or adjustment(s) is not grounds for termination.

If the parties are not able to mutually agree upon a rate change(s) or adjustment(s), then either party may invoke the Contract Protest Process.

Delete 5.4

ADD to Paragraph 6.2

Between "affirmative action" and "to prevent" insert the phrase "as required by applicable law."

ADD to the end of paragraph 7.3

Notwithstanding the foregoing or any provision of the Agreement to the contrary, Contractor retains the right to pursue any of its remedies, both at law and in equity.

DELETE PARAGRAPH 8

INSERT NEW PARAGRAPH 8:

8. EVENT OF DEFAULT/REMEDIES.

Either party may terminate the Agreement and pursue its remedies at law and in equity for the material breach of the Agreement by the other party, provided that the injured party has given the other party prior written notice of such material breach, and there has been a failure to cure such material breach within thirty (30) business days after receipt of such notice by the other party provided, however, in the event of a material breach of the Agreement which necessitates the State to obtain temporary substitute warehouse services, the notice requirement shall be no less than twenty-four (24) hours.

DELETE PARAGRAPH 10

In paragraph 12, delete the reference to N.H. Department of Administrative Services and substitute New Hampshire State Liquor Commission.

Amend Paragraph 14.1.1 by adding after "insurance" and before "against" the following phrase, "with the State named as an additional insured."

Delete Paragraph 14.1.2

Amend Paragraph 14 by adding Subparagraph 14.1.3 as follows:

14.1.3 All Risk insurance coverage including but not limited to flood, fire and extended coverage solely for goods on hand belonging to the NHSLC in an amount of $2 million per occurrence. The All Risk insurance shall cover 100 % of NHSLC's Replacement Cost (defined as the NHSLC's purchase price for such goods plus related storage and transportation costs, if any). ~~Such insurance shall be for the benefit of~~

~~NHSLC and, i~~In the event of a claim payment; insurer or Contractor agrees to make payment directly to NHSLC. A certificate of insurance demonstrating compliance with the requirements of this Paragraph 14 shall be provided to NHSLC upon request~~<subject to final signoff by insurance company>~~.

Amend Paragraph 14.3 by deleting the last sentence and replacing it with the following sentence, "The Contractor shall endeavor to provide the Contracting Officier identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

Amend Paragraph 14 by adding Subparagraphs 14.1.4-14.1.~~6~~ 7 as follows:

14.1.4 Performance Bond. Upon final approval of this Agreement, Contractor shall provide to NHSLC in a form satisfactory to NHSLC, a P~~p~~erformance B~~b~~ond in the amount of ~~One~~ Two Million Dollars ($~~1~~2,000,000.00), which shall be retained by the NHSLC until the Completion Date. At the end of the first thirty (30) month period and at any point thereafter upon mutual agreement the amount of the Performance Bond may be adjusted.

14.1.5 The Contractor Warehouse shall be fully bonded and registered with the State of New Hampshire as a public warehouse to the extent required by applicable state law. A copy of such registration shall be provided to NHSLC upon request.

14.1.6 Once a license is issued, the Contractor shall maintain a warehouse license to the extent required by applicable law.

14.1.7 Transition Bond for completion of all necessary items to make the facility fully operational on or before October 31, 2013. Prior to October 1, 2013, Contractor shall provide to NHSLC in a form satisfactory to NHSLC, a Transition Bond in the amount of Three Million Dollars ($3,000,000.00), which shall be retained by the NHSLC until January 31st, 2014.

AMEND PARAGRAPH 16 as follows:

Add "or Contractor" after "the State" in both sentences. Strike "on the part of the Contractor" at the end of the paragraph. In addition, the phrase "Event of Default" where it occurs in this paragraph is amended to read "Material Breach".

In paragraph 18, strike the phrase "and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire."

Add the following new paragraphs:

<u>Contract Protest Process</u>

The Parties shall use the Contract Protest Process to resolve any dispute with respect to the Agreement

The Issuing Officer, or his or her successor, shall be the NHSLC's representative.

Prior to the filing of any formal proceedings with respect to a dispute (other than an action seeking injunctive relief with respect to intellectual property rights), the party believing itself aggrieved (the "Invoking Party") shall call for dispute negotiation by written notice to the other party. Such notice shall be without prejudice to the Invoking Party's right to any other remedy permitted by this Agreement.

The parties shall use all reasonable efforts to arrange personal meetings and/or telephone conferences as needed, at mutually convenient times and places, between negotiators for the parties.

In the event that the Parties are unable to reach agreement after good faith negotiations, the parties may agree to utilize a Mediator with experience in the issue in dispute. The selection of the Mediator shall be by mutual agreement of the Parties. The decision by such Mediator shall be non-binding and not evidence in any further proceeding. Following the decision of the Mediator, if any, the matter shall be submitted to the NHSLC for a determination following a hearing. The resulting Order may be appealed pursuant to RSA 541

26. Contract Transition Period

If this contract expires or is terminated before a Vendor is selected and prepared to provide Warehouse services to the NHSLC, Contractor agrees to continue the services described under the current contract for up to 6 months at the prices to be negotiated by the parties.

Contractor also agrees, at the discretion of the NHSLC, to assist the NHSLC in all transition services including, but not limited to the following:

Before transition can begin, the new Vendor must meet all the specifications of the future RFP in actuality and/or demonstrate the ability, using dummy transactions provided by the NHSLC, to interface with the NHSLC's computer and business systems on a magnitude consistent with actual conditions.

All costs associated with the transfer of Product and control from the existing Warehouse (s) ("old") to the Warehouse of the successful Vendor ("new"), including, but not limited to, shipping, handling and transportation, shall be borne by the NHSLC or the defaulted Contractor~~ as provided in Paragraph 8~~. In an effort to avoid charging the NHSLC or Suppliers duplicate storage fees, storage charges for transferred Product shall not accrue until the first day of the month following the transfer.

The NHSLC, in conjunction with both "old" and "new" Warehouses, shall establish a deadline for the transfer of all Product to the "new" Warehouse. The NHSLC will, if possible, select a period during a time of slow sales (such as January-March) and schedule as short a period as is practical for the transfer of all Product from the "old" to the "new" Warehouse. Notification of the deadline will be given within a reasonable period, to be arranged with the Vendor and existing Contractor at award.

The NHSLC shall determine when Product is to be transferred. At no time during transfer shall the same brand code be distributed from more than one Warehouse.

As Product is depleted or transferred from the "old" Warehouse, Product overages and shortages shall be reconciled to determine a net financial obligation ~~between~~ among the NHSLC, the "old" Warehouse and the ~~"new" Warehouse~~Product Vendor. The NHSLC shall observe and audit the transfer proceedings. Overages will be transferred to the "new" Warehouse as normal inventory or to the Product Vendor if the code is no longer a bailment item. Overages and Shortages shall be resolved between the Warehouse and the Product Vendor, or NHSLC if the Product is owned by the NHSLC, at cost upon invoicing.

27 Assignment Provision

Contractor hereby agrees that it will assign all causes of action that it may acquire under the antitrust laws of the State of New Hampshire and the United States as a result of conspiracies, combinations, or contracts in restraint of trade which affect the price of goods or services obtained by the NHSLC under this contract if so requested by the State of New Hampshire.

28 News Releases

After award and final approval, the Vendor may make public the existence of the contract and the business relationship with the NHSLC. All other information must be approved by the NHSLC before it is made public, such approval not to be unreasonably withheld.

29 Confidentiality/Sensitive Information

Contractor may have access to confidential/sensitive information in the course of performing its obligations under the contract, and may be required to sign a mutually agreed upon confidentiality agreement.

~~30. Base Rates~~

~~For the purposes of this paragraph, the rates established under this Agreement shall be "Base Rates." The Base Rates are negotiated between the Parties as provided in this Agreement.~~

~~The NHSLC reserves the right to add a "Premium Rate' to the Base Rate. The Premium Rate is an amount above the Base Rate. The Premium Rate is not subject to negotiations. The Premium Rate shall not be charged to the Contractor. The Premium Rate shall be determined based on statutory, financial or other reasons at the discretion of the NHSLC. The Contractor shall collect the Premium Rate and transfer it to the NHSLC with no charge to the NHSLC.~~

END OF EXHIBIT C

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, November 13, 2012 6:14 PM
To: Judge, Steve
Cc: Craig W. Bulkley
Subject: Certificate of Good Standing
Attachments: 8603918-SO-1-NH.PDF

Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, November 13, 2012 4:43 PM
To: Judge, Steve
Cc: Craig W. Bulkley
Subject: Exhibit C - Updated
Attachments: EXHIBIT C to Long-Term Contract - SL Amendments.docx

Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

EXHIBIT C

1. Certificate of Vote

This authorization notification must be consistent with Contractor's corporate structure and must accompany the contract.

An officer of the company, name and title, must certify that the person signing the contract has been given the authority to do so. That authority must be in effect the day the contract is signed. The certifying official must not be certifying him or herself, unless it is a sole proprietorship.

The document must certify that:

A. The signature of <the name and position of the signor of the contract> of the Corporation affixed to any Proposal shall bind the corporation to its terms and conditions.

B. The foregoing signature authority has not been revoked, annulled or amended in any manner whatsoever, and remains in full force and effect as of the date of the contract.

2. Warehouse License

Contractor shall produce a current License on demand by the NHSLC. Such demand shall provide the Contractor with a reasonable opportunity to acquire a license.

3. The Agreement is amended as follows:

Delete Paragraphs 1.16 and 1.18

Delete paragraph 3.1 and substitute the following:

Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the New Hampshire State Liquor Commission, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Attorney General approves this Agreement as to form, substance and execution ("Effective Date").

ADD PARAGRAPHS 3.3 and 3.4

3.3 If a new contractor is not selected to provide the Services by the Completion Date specified in Block 1.7 of the Form P-37 (General Provisions) (the "Completion Date"), the Agreement may be extended up to an additional six (6) months from the Completion Date (the "Transition Period") provided that:

3.3.1.1 NHSLC provides Contractor a minimum of six (6) months written notice prior to the Completion Date of the State's request to extend the Agreement for a transition period, specifying the definitive and exact period of the Transition Period which shall not exceed six (6) months;

3.3.1.2 The parties reach mutual agreement on the rates that will apply to the Services during the Transition Period; and

3.3.1.3 During any such Transition Period, Contractor shall not be required to purchase or maintain any bonding, and the State shall have no rights to any Contractor bonds.

3.3.1.4 If a new Contractor is selected and the parties agree to extending the agreement for the Transition Period as described above, Contractor will provide NHSLC with reasonable assistance to transition services to a new contractor during the Transition Period such as the transfer of NHSLC product to the warehouse of the new contractor, provided that all costs and expenses incurred by Contractor and any costs and expenses associated with any such transition services shall be borne by NHSLC or the new contractor. NHSLC shall determine in its reasonable discretion the timing of any such transfer of product which shall occur within normal working hours of Contractor, unless otherwise agreed by Contractor. Net overages and shortages by Supplier shall be used to determine any financial obligation between Contractor and the supplier. Net shortages will be paid to each Supplier at the Supplier's cost upon invoicing by each Supplier. NHSLC will require the new contractor to reasonably cooperate and work with Contractor, including, but not limited to, perfoming cycle counts as necessary to verify any discrepancies.

DELETE PARAGRAPH 4 AND INSERT:

4. STATE FUNDING.

4.1. In the event the State has insufficient funds available to itself make continued payments under the Agreement for any Services for which the State is responsible for payment, including but not limited to, Services that carry fees to the State such as bottle picking and handling of NHSLC product, the State will immediately:

4.1.1. Fully exercise all authority to transfer funds within NHSLC's budget and any other funds available to NHSLC, including without limitation, NHSLC's authority to transfer funds under N.H. RSA 176:16, V and any revolving accounts or funds; and

4.1.2. Use best efforts and in good faith seek the necessary funding from the General Court and other governmental authorities to fulfill its obligation to make continued payments under the Agreement; and,

4.1.3 The State must immediately provide Contractor with written notice of any such funding shortfall.

4.2. Contractor may cease providing Services to the State for which the State cannot or fails to make payment, and will not be obligated to resume provision of Services to the State if funding for continued payments under the Agreement is not obtained, including without limitation, funding for any arrearages.

4.3 Notwithstanding the foregoing or any provision of this Agreement to the contrary,the Agreement will remain in effect for the full term of the Agreement, and any extensions thereof, and Contractor may continue to provide Services to others such as Licensees, Suppliers, and Vendors.

Delete 5.2

INSERT NEW 5.2:

5.2

(a) Rates. The Warehouse Service Charges listed in Exhibit F are valid for the initial thirty (30) months of the contract: from November 1, 2013 until April 30, 2016.

(b) Rate Changes. The Warehouse Service Charges shall be reviewed starting one-hundred and twenty (120) days prior to the end of the first and each subsequent thirty (30) month period and may be adjusted effective at the beginning of such thirty (30) month period. Such adjusted Rates, even if agreed to after the beginning of a thirty (30) month period, will become effective, unless otherwise agreed, as of the first day of such thirty (30) month period.

(c) Operating Parameters or Scope of Service Changes. In addition to (b) above, after April 30, 2016, if during any year of this Agreement the Services or Operating Parameters vary to such a degree that either Party in good faith believes that a Rate adjustment(s) (whether an increase or decrease) is/are equitable, it shall notify the other Party of the same, and the Parties shall endeavor in good faith to mutually agree upon a temporary or permanent adjustment as promptly as possible.

1. The Warehouse Service Charges valid for the initial thirty (30) months of the contract are based on the Services, and Operating Parameters as outlined in the Agreement and Exhibit A.

Formatted: Indent: Left: 0.5"

~~2. Both Parties acknowledge that certain Fixed Costs (examples provided in Exhibit A) by their nature do not vary directly with changes in Services or Operating Parameters, and that the Warehouse Service Charges are calculated on a per unit basis. As a result, in determining rate change(s) or adjustment(s) the Fixed Costs may cause various Warehouse Service Charges to vary at a rate inconsistent with the change in Services or Operating Parameters. For example, if Fixed Costs represent 25% of total costs and the volume increases 15%, the associated Warehouse Service Charges, since they are on a per unit basis will decrease by 3%: ((25%+(1-25%)*(1+15%))/(1+15%))-1. If Fixed Costs represent 40% of total costs and the volume drops 20%, the associated Warehouse Service Charges, since they are on a per unit basis will increase by 10%: ((40%+(1-40%)*(1-20%))/(1-20%))-1.~~

(d) Any Rate change(s) or adjustment(s) agreed by the Parties pursuant to subparagraph (b) and/or (c) above shall be reflected in an amendment to the Agreement, dated and signed by each Party.

(e) The failure of either party to propose or negotiate Rate change(s) or adjustment(s) in good faith is grounds for termination of the contract. The failure of the Parties to mutually agree upon Rate change(s) or adjustment(s) is not grounds for termination. If the parties are not able to mutually agree upon a rate change(s) or adjustment(s), then either party may invoke the Contract Protest Process~~, provided, however, that the Parties agree that the recovery of fixed costs is at the discretion of the NHSLC~~.

Delete 5.4

ADD to Paragraph 6.2

Between "affirmative action" and "to prevent" insert the phrase "as required by applicable law."

ADD to the end of paragraph 7.3

Notwithstanding the foregoing or any provision of the Agreement to the contrary, Contractor retains the right to pursue any of its remedies, both at law and in equity.

<u>DELETE PARAGRAPH 8</u>

INSERT NEW PARAGRAPH 8:

8. EVENT OF DEFAULT/REMEDIES.

Either party may terminate the Agreement and pursue its remedies at law and in equity for the material breach of the Agreement by the other party, provided that the injured party has given the other party prior written notice of such material breach, and there has been a failure to cure such material breach within thirty (30) business days after receipt of such notice by the other party provided, however, in the event of a material breach of the Agreement which necessitates the State to obtain temporary substitute warehouse services, the notice requirement shall be no less than twenty-four (24) hours.

DELETE PARAGRAPH 10

In paragraph 12, delete the reference to N.H. Department of Administrative Services and substitute New Hampshire State Liquor Commission.

Amend Paragraph 14.1.1 by adding after "insurance" and before "against" the following phrase, "with the State named as an additional insured."

Delete Paragraph 14.1.2 ~~and substitute the following:~~

~~Paragraph 14.1.2 fire and extended coverage insurance for 100% of acquisition cost of any and all liquor and wine products owned by the NHSLC up to a total of two million dollars ($2,000,000).~~

Amend Paragraph 14 by adding Subparagraph 14.1.3 as follows:

14.1.3 All Risk insurance coverage solely for goods on hand belonging to the NHSLC in an amount of $2 million per occurrence. The All Risk insurance shall cover 100 % of NHSLC's Replacement Cost (defined as the NHSLC's purchase price for such goods plus related storage and transportation costs, if any). Such insurance shall be for the benefit of NHSLC and, in the event of a claim payment, insurer agrees to make payment directly to NHSLC. A certificate of insurance demonstrating compliance with the requirements of this Paragraph 14 shall be provided to NHSLC upon request <subject to final signoff by insurance company>~~Contractor shall have and maintain for all premises used to provide services to NHSLC pursuant to this Agreement an all risks insurance policy which shall provide 100 % acquisition cost coverage of any and all liquor and wine products owned by the NHSLC up to a total of two million dollars ($2,000,000). Policies shall name the NHSLC as a loss payee. A certificate of insurance demonstrating compliance with the requirements of this Paragraph 14 shall be provided to NHSLC prior to execution of the Agreement~~.

Amend Paragraph 14.3 by deleting the last sentence and replacing it with the following sentence, "The Contractor shall endeavor to provide the Contracting Officier identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

Amend Paragraph 14 by adding Subparagraphs 14.1.4-14.1.6 as follows:

14.1.4 Performance Bond. Upon final approval of this Agreement, Contractor shall provide to NHSLC in form satisfactory to NHSLC, a performance bond in the amount of One Million Dollars ($1,000,000.00), which shall be retained by the NHSLC until the Completion Date.

14.1.5 The Contractor Warehouse shall be fully bonded and registered with the State of New Hampshire as a public warehouse to the extent required by applicable state law. A copy of such registration shall be provided to NHSLC upon request.

14.1.6 Once a license is issued, the Contractor shall maintain a warehouse license to the extent required by applicable law.

AMEND PARAGRAPH 16 as follows:

Add "or Contractor" after "the State" in both sentences. Strike "on the part of the Contractor" at the end of the paragraph.

In paragraph 18, strike the phrase "and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire."

Add the following new paragraphs:

Contract Protest Process

The Parties ~~may~~ shall use the Contract Protest Process to resolve any dispute with respect to the Agreement ~~issues that arise from good faith negotiations or issues arising under Section _______. These issues may include Rate Changes pursuant to RFP Section 1.10.4. The Parties agree that the rates shall not change during the first 30 month period beginning on November 1, 2013. At the end of the initial period, during and at the end of each successive 30 month period, the Parties may use the Contract Protest Process to resolve requests for rate adjustments.~~

~~The NHSLC recognizes the importance that the Contractor places on its fixed costs. The Parties recognize the importance of balancing the rates to satisfy the NHSLC's statutory requirements, and allow the Contractor to make a reasonable profit. To that end, rates may be negotiated up or down depending on the circumstances at a particular time after the initial period.~~

Formatted: Right: 0"

Comment [C1]: This language covered in the rate change language

The Issuing Officer, or his or her successor, shall be the NHSLC's representative.

Prior to the filing of any formal proceedings with respect to a dispute (other than an action seeking injunctive relief with respect to intellectual property rights), the party believing itself aggrieved (the "Invoking Party") shall call for dispute negotiation by written notice to the other party. Such notice shall be without prejudice to the Invoking Party's right to any other remedy permitted by this Agreement.

The parties shall use all reasonable efforts to arrange personal meetings and/or telephone conferences as needed, at mutually convenient times and places, between negotiators for the parties.
In the event that the Parties are unable to reach agreement after good faith negotiations, the parties may agree to utilize a Mediator with experience in the issue in dispute. The selection of the Mediator shall be by mutual agreement of the Parties. The decision by such Medi shall be non-binding and not evidence in any further proceeding. Following the decision of Mediator, if any, the matter shall be submitted to the NHSLC for a determination followi hearing. The resulting Order may be appealed pursuant to RSA 541.

26. Contract Transition Period

If this contract expires or is terminated before a Vendor is selected and prepared to provide Warehouse services to the NHSLC, Contractor agrees to continue the services described under the current contract for up to 6 months at the prices to be negotiated by the parties.

Contractor also agrees, at the discretion of the NHSLC, to assist the NHSLC in all transition services including, but not limited to the following:

Before transition can begin, the new Vendor must meet all the specifications of the future RFP in actuality and/or demonstrate the ability, using dummy transactions provided by the NHSLC, to interface with the NHSLC's computer and business systems on a magnitude consistent with actual conditions.

All costs associated with the transfer of Product and control from the existing Warehouse (s) ("old") to the Warehouse of the successful Vendor ("new"), including, but not limited to, shipping, handling and transportation, shall be borne by the NHSLC or the defaulted Contractor as provided in Paragraph 8. In an effort to avoid charging the NHSLC or Suppliers duplicate storage fees, storage charges for transferred Product shall not accrue until the first day of the month following the transfer.

The NHSLC, in conjunction with both "old" and "new" Warehouses, shall establish a deadline for the transfer of all Product to the "new" Warehouse. The NHSLC will, if possible, select a period during a time of slow sales (such as January-March) and schedule as short a period as is practical for the transfer of all Product from the "old" to the "new" Warehouse. Notification of the deadline will be given within a reasonable period, to be arranged with the Vendor and existing Contractor at award.

The NHSLC shall determine when Product is to be transferred. At no time during transfer shall the same brand code be distributed from more than one Warehouse.

As Product is depleted or transferred from the "old" Warehouse, Product overs and shorts shall be reconciled to determine a net financial obligation between the NHSLC, the "old" Warehouse and the "new" Warehouse. The NHSLC shall observe and audit the transfer proceedings. Overages will be transferred to the "new" Warehouse as normal inventory or to the Product Vendor if the code is no longer a bailment item. Shortages shall be resolved between the Warehouse and the Product Vendor, or NHSLC if the Product is owned by the NHSLC.

27 Assignment Provision

Contractor hereby agrees that it will assign all causes of action that it may acquire under the antitrust laws of the State of New Hampshire and the United States as a result of conspiracies, combinations, or contracts in restraint of trade which affect the price of goods or services obtained by the NHSLC under this contract if so requested by the State of New Hampshire.

28 News Releases

After award and final approval, the Vendor may make public the existence of the contract and the business relationship with the NHSLC. All other information must be approved by the NHSLC before it is made public, such approval not to be unreasonably withheld.

29 Confidentiality/Sensitive Information

Contractor may have access to confidential/sensitive information in the course of performing its obligations under the contract, and may be required to sign a mutually agreed upon confidentiality agreement.

30. Base Rates

For the purposes of this paragraph, the rates established under this Agreement shall be "Base Rates." The Base Rates are negotiated between the Parties as provided in this Agreement.
The NHSLC reserves the right to add a "Premium Rate' to the Base Rate. The Premium Rate is an amount above the Base Rate. The Premium Rate is not subject to negotiations. The Premium Rate shall not be charged to the Contractor. The Premium Rate shall be determined based on statutory, financial or other reasons at the discretion of the NHSLC. The Contractor shall collect the Premium Rate and transfer it to the NHSLC with no charge to the NHSLC.

END OF EXHIBIT C

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, November 13, 2012 3:00 PM
To: Judge, Steve
Cc: Craig W. Bulkley
Subject: Exhibit A
Attachments: EXHIBIT A1 - SL Amendments.docx

Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

EXHIBIT A -

CONTRACT SERVICES

OPERATION OF BAILMENT WAREHOUSE AND DISTRIBUTION CENTER

1.The Contractor and the NHSLC shall be described as "the Parties." Contractor shall operate, on behalf of the New Hampshire State Liquor Commission ("NHSLC"), a liquor warehousing and distribution center to be located at Contractor's facilities. Liquor warehousing and distribution center services to be provided by Contractor to the NHSLC and/or its vendors/suppliers and on-and off-premise licensees shall include: bailment warehousing and related services for liquor product owned by NHSLC licensed Vendors/suppliers and product owned by the NHSLC;.

2. Contractor shall comply with the requirements for warehousing and distribution services as specified in the Request for Proposals issued by the NHSLC and attached hereto as Exhibit D including, all appendices and all clarifications and amendments ("RFP") only to the extent that Contractor has agreed to any such requirements as specified in Contractor's proposal and replies submitted in response to the RFP (the "Proposal") the proposal and replies attached as Exhibit E; the RFP and Proposal being incorporated herein by reference. Contractor shall also comply with all applicable administrative rules adopted by the NHSLC regulating the warehousing of liquor and any amendments thereto. In the event that any provision of the RFP or Proposal shall conflict or be inconsistent with any provision of Exhibits A, B, C or F of this Agreement, ~~the~~ this Agreement~~RFP~~ shall govern.

3. By executing this Agreement, NHSLC makes no promises or guarantees as to volume of warehousing and distribution services to be required by NHSLC, any of its vendors/suppliers, or its on-and off-premise licensees for the duration of this Agreement or any extension thereof. Notwithstanding any provision of this Agreement or the RFP and amendments thereto to the contrary, this Agreement is an exclusive agreement, and NHSLC will not retain any other person or entity to provide any warehouse distribution services for NHSLC and the NHSLC licensed Vendors/suppliers during the term of this Agreement and any extensions/renewals thereof, provided, however, NHSLC reserves the right to utilize a State owned or operated warehouse to store and distribute NHSLC Product and New Hampshire made Product.

4. Warehousing Capacity. ~~Contractor shall at all times maintain adequate warehouse storage capacity of product which may be adjusted according to seasonable needs, as agreed to by the parties.~~

Exel will regularly determine the optimum warehouse capacity required to efficiently run the business. Every 30 months, Exel will determine the optimum storage capacity for the next period. Exel will use industry standards to calculate the space required to meet this capacity, which will take into account trends, growth and the seasonality of the business.

If at any point during the Agreement, the on-hand inventory exceeds optimum warehouse capacity for the safe and efficient provision of the services (for purposes herein, defined as greater than 85% capacity), then Exel has the right to request a rate increase to be charged to the industry to cover incremental costs incurred to safely and efficiently provide the services. These higher rates will remain in effect until the warehouse capacity is brought back to within the optimal range allowing for the safe and efficient provisions of services. Exel will be responsible for acquiring any additional storage space required to accommodate excess inventory.

5. Force Majeure. Contractor shall not be liable or responsible for delays or failures in performance, or any loss or damage to any liquor and wine products of the NHSLC resulting from events beyond the reasonable control of the Contractor. Such events shall include, but not be limited to, acts of God, , riots, acts of war, epidemics, acts of government, fire , power failures, nuclear accidents, earthquakes, unusually severe weather, or other disasters, whether or not similar to the foregoing.

6. Consequential and Indirect Damages. Notwithstanding any other provision of this agreement to the contrary, neither party, in the performance of their obligations under this agreement shall be liable to the other for any indirect or consequential damages (such as, but not limited to: loss of profits, loss of business, loss of customer goodwill or punitive or exemplary damages or the costs and expenses in providing or securing substitute revenues even if the parties have been advised of the possibility of the same, and without regard to the nature of the claim or the underlying theory or cause of action (whether in contract, tort or otherwise)~~The Parties agree to waive consequential and indirect damages~~.

7. In the event the Contractor owes damages due to of a material breach or the Contractor owes a penalty due to not achieving the minimally acceptable level for a KPIthat involves the payment of a penalty, the Vendor Contractor shall pay the damages or penalty. If the ContractorVendor fails to pay the damages or penalty within a reasonable time, the NHSLC shall recover the damages or penalty from the performance bond, provided, however, that the ContractorVendor restores the bond to its original or any increased amount within a reasonable time.~~In the Event of a Material Breach, the NHSLC may impose a monetary penalty. The amount of the penalty shall be reasonable. The NHSLC may allow the Contractor to use the Performance Bond to satisfy the penalty, provided, however, that the NHSLC has been provided with sufficient evidence that the Contractor will re-establish the original amount of the Performance Bond within a reasonable time.~~

8. The Contractor is responsible for the reasonable costs of making modifications and updates to the Contractors systems to stay current with the future systems utilized by New Hampshire State Liquor Commission.

9. Contractor shall not assign any personnel to perform the services who Contractor knows or constructively should know, after reasonable investigation and other employment screening to the extent permitted by Applicable Law (i) has been convicted of fraud, embezzlement or other similar crimes involving dishonesty (as evidenced by background checks by Contractor which seeks information for the past seven (7) years), or (ii) does not meet the requirements under New Hampshire or immigration Law to be employed or to perform services at such locations as may be required. Contractor agrees to defend and indemnify NHSLC from losses or claims incurred by NHSLC to the extent arising from Contractor's breach of the above requirements.

10. The NHSLC reserves the right to request the Contractor to add a premium to the Warehouse Service Charges in order to comply with statutory or financial requirements. Such premium shall be charged by the Contractor and returned to the NHSLC with no charge to the NHSLC.

11. The cost per case for the Contractor to receive Product from the existing Warehouse(s) will be no charge for the first 50,000 cases and $0.50 for each case beyond 50,000 cases received.

12. Key Performance Indicators (KPIs)

(a) In order to evaluate the performance of the Services, the parties agreed to the KPIs listed on Schedule X. Schedule X sets forth the KPI, the Goal and the Target Level . Exel's failure to meet any of the KPIs shall be excused to the extent such failure is caused by the acts or omissions of the NHSLC, the Suppliers, Licensees, other third parties or because of Force Majeure events.

Formatted: Indent: Left: 0.5"

(b) For each KPI described in Schedule X, if the average of Exel's daily performance over a sixty (60) day rolling consecutive period fails to meet the Target Level as described in Schedule X, the NHSLC may require Exel to pay the NHSLC two percent (2%) of Exel's daily revenue for each day that Exel fails to meet the Target Level. The KPI's will be effective as of October 31, 2013, however the financial penalty does not come into effect until March 31, 2014.

(c) The payments described in paragraph (b) above are the NHSLC's sole remedy if Exel is not performing the Services adequately. The failure of Exel to achieve the Target Level for a KPI is not grounds for termination.

(d) Exel's financial penalties cannot exceed $500,000 in any one calendar year.

Schedule X

(a) The KPIs detailed in the chart below shall apply after March 31, 2014.

(b) This Schedule describes the service levels and performance standards that Exel shall provide to the NHSLC with respect to the Services. Each KPI shall be measured according to Exel's standard operating procedures as approved by the NHSLC. The Parties shall in good faith mutually agree to these standard operating procedures prior to April 1, 2014. The method agreed to measure the standard may result in an adjustment to the Target Level.

(c) At any time during the term of this Agreement, the NHSLC and Exel may upon agreement in writing revise or delete a KPI, or add new KPIs.

(d) Exel shall keep and maintain complete and accurate daily reports regarding the KPIs and the NHSLC shall have the right to audit same during the term of this Agreement.

(e) Regular management review meetings between the NHSLC and Exel shall be scheduled to review the actual performance against projected performance, and to recommend actions to be taken to resolve any performance deficiencies.

(f) Should Exel fail to meet a KPIs Target Level over a thirty (30) day rolling consecutive period, Exel shall prepare an action plan to address the situation. This action plan will be presented to the NHSLC for review and discussion within 10 business days of the failure.

Schedule X

Key Performance Indicator	**Goal**	**Target Level**
Goods available for sale on time	Goods available for sale by midnight the day of receiving for domestic products, and by midnight following the day of receiving for imported products	98%
Goods loaded for shipment on time	Products loaded prior to the time mutually agreed with the transportation provider	98%
Inventory accuracy	For each cycle count the quantity counted matches the quantity listed in the system	98.5%

Key Performance Indicator	Goal	Target Level
Order accuracy	For each item in the order, the product and quantity picked match the product and quantity ordered	98.5%

END OF EXHIBIT A

Exhibit C

Strike Paragraph 25 and substitute the following:

Contract Protest Process

RSA 541 Time Limit

The Parties may use the Contract Protest Process to resolve issues that arise from good faith negotiations. These issues may include Rate Changes pursuant to RFP Section 1.10.4. The Parties agree that the rates shall not change during the first 30 month period beginning on November 1, 2013. At the end of the initial period, during and at the end of each successive 30 month period, the Parties may use the Contract Protest Process to resolve requests for rate adjustments. The NHSLC recognizes the importance that the Contractor places on its fixed costs. The Parties recognize the importance of balancing the rates to satisfy the NHSLC's statutory requirements, and allow the Contractor to make a reasonable profit. To that end, rates may be negotiated up or down depending on the circumstances at a particular time after the initial period.

The Issuing Officer, or his or her successor, shall be the NHSLC's representative.

Prior to the filing of any formal proceedings with respect to a dispute (other than an action seeking injunctive relief with respect to intellectual property rights), the party believing itself aggrieved (the "Invoking Party") shall call for dispute negotiation by written notice to the other party. Such notice shall be without prejudice to the Invoking Party's right to any other remedy permitted by this Agreement.

The parties shall use all reasonable efforts to arrange personal meetings and/or telephone conferences as needed, at mutually convenient times and places, between negotiators for the parties.
In the event that the Parties are unable to reach agreement after good faith negotiations, the matter shall be submitted to the NHSLC for a determination following a hearing. The resulting Order may be appealed pursuant to RSA 541, provided, however, that the parties may agree to utilize a Mediator with experience in the issue in dispute. The selection of a Mediator shall be by mutual agreement of the Parties. The decision by such Mediator shall be non-binding.

Current and future data requirements use term Reasonable

Revenue Sharing.

The rates established in this Agreement and in future 30 month periods shall be known as "Base Rates."

The NHSLC reserves the right to adjust the Base Rates in order to comply with statutory or financial requirements. Such adjustment shall be charged by the Contractor and returned to the NHSLC with no charge to the NHSLC.

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, November 13, 2012 2:54 PM
To: Judge, Steve
Cc: Craig W. Bulkley
Subject: Organization Chart
Attachments: NHSLC Exel Leadership Team Org Charts.ppt

Here is the organization chart.

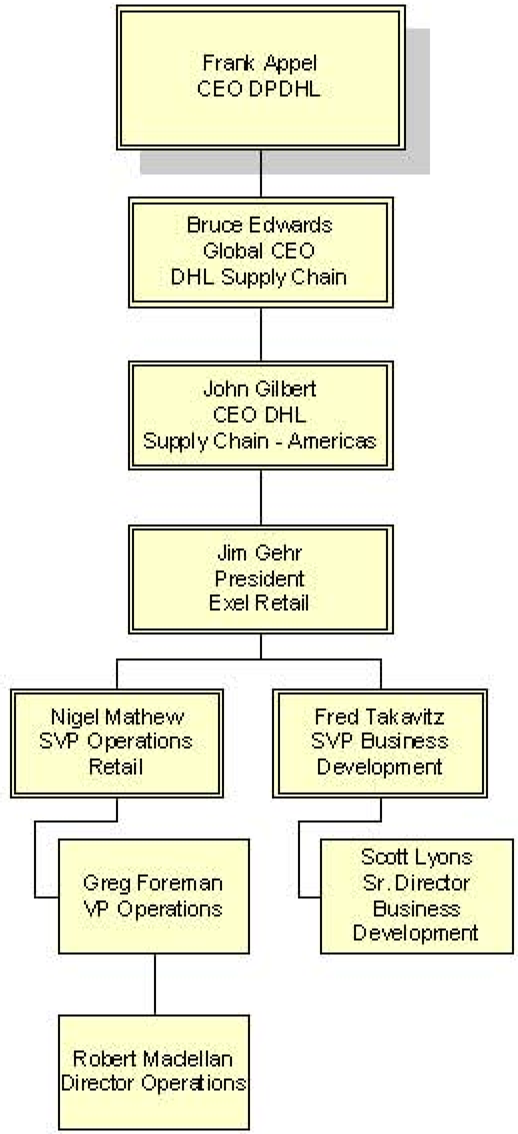
Cheers,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

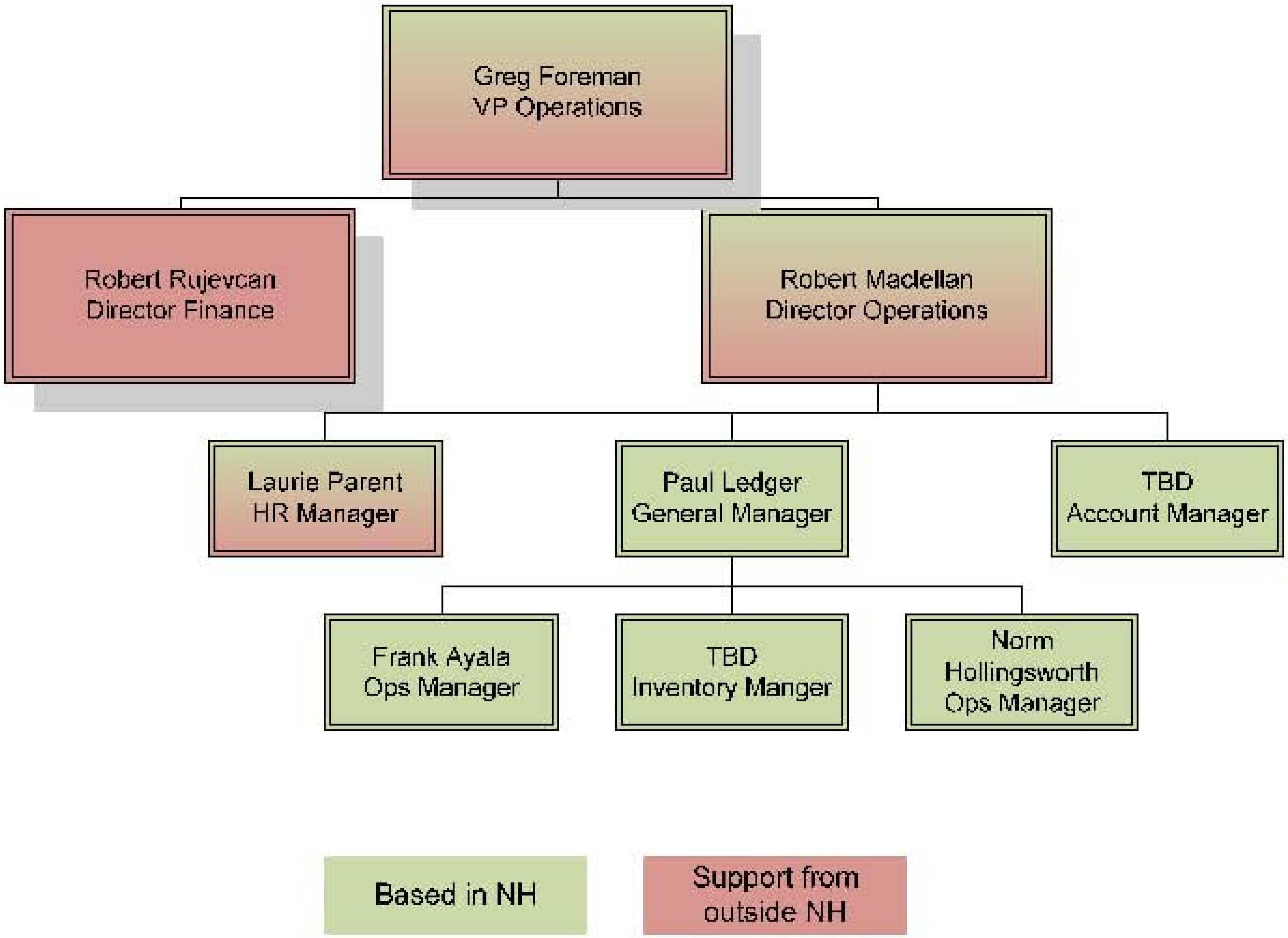
Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

Exel Senior Leadership Team



NHSLC Exel Local Leadership Team



From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Monday, November 12, 2012 9:46 PM
To: Judge, Steve
Cc: Craig W. Bulkley; Fred Takavitz (Exel US)
Subject: RE: Exhibit F

Can you send us Exhibit F electronically so we can load in our rates?

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Monday, November 12, 2012 5:28 PM
To: Scott Lyons (EXEL CA); Fred Takavitz (Exel US)
Subject: Exhibit F

Scott/Fred:

I don't think we specifically discussed this, but the rates from your final BAFO need to be inserted into Exhibit F from the RFP.

Have a safe journey.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Monday, November 12, 2012 2:14 PM
To: Craig W. Bulkley
Subject: FW: Follow-up from Monday's call

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Scott Lyons (EXEL CA)
Sent: Thursday, September 13, 2012 5:25 PM
To: 'Craig W. Bulkley'
Cc: Fred Takavitz (Exel US)
Subject: Follow-up from Monday's call

From my notes I believe we owed the NHSLC the following four items:

- Contract language we normally require for traditional asset backing, an outline of the rent to own option, and the events that lead to early termination
- Suggested language for an indirect and consequential damages waiver
- A note confirming our ability to revenue share
- Update on the real estate

I sent a note earlier this week confirming our ability to revenue share

In terms of the real estate – T.F. Moran completed the preliminary topo and boundary worksheet including wetlands location that can be used for starting civil design. Pro Con and possibly T.F. Moran will also be presenting the site plan on behalf of an 'anonymous' tenant next Thursday (Sep 20th) at the Planning Commission meeting. This will help protect the timeline.

Asset Backing

Asset Backing Option #1 (aka Traditional Model) - Exel has entered into this type of arrangement in place for the majority of business opportunities that it has with its customers. At the end of the agreed contract period the facility lease is renewed or, if not renewed, the facility is turned back to a landlord. In those scenarios where Exel owns the facility, the agreement is either renewed (including the facility) or the facility is turned back to Exel.

In the event of a early termination event, the language that follows would apply: "The parties acknowledge and agree that Exel has either specifically leased, owned or otherwise dedicated the Facility in order to provide Services to the NHSLC, and as a result has incurred certain obligations for the period of the Agreement under its leases or ownership obligations. In consideration of Exel leasing, owning or otherwise dedicating the Facility, the parties agree that upon the early termination of this Agreement prior to its stated term, for any reason whatsoever, unless a Lease terminates concurrently with such early termination (such as because of a damage or destruction of the Facility or a taking by expropriation), then, subject to its own or a landlord's consent, Exel shall assign and NHSLC shall assume such lease together with all of Exel's obligations thereunder from and after the effective date of such termination (which effective date shall be the date of such early termination) together with any vendor contracts relating to the Facility (such as HVAC and fire protection maintenance contracts, trash removal, etc.)"

Asset Backing Option #2 (aka Lease to Own) - In a lease to own arrangement, the NHSLC wishes to own the facility at the end of the 20 year contract term. The NHSLC would lease the facility from Exel or another party. The NHSLC would sign a Lease Agreement with Exel or another party and obligate itself to a 20 year lease commitment that could not be terminated. At the end of the 20 year period, the NHSLC would own the facility. The lease amounts that are due each month will be paid by Exel, either to Exel or to another party, on behalf of the NHSLC through the fees paid to Exel by the suppliers or 'industry'. At the end of the 20 year lease term the NHSLC would own the facility, the racking and mechanization within the facility, and the IT interfaces built to facilitate communications between our respective systems.

If the Operating Agreement with Exel should terminate early for any reason including events such as (1) a bankruptcy by either party, (2) either party fails to negotiate in good faith, (3) failure by the parties to agree on rates,(4) uncured material breach, e.g. failure to deliver services adequately, or (5) New Hampshire chooses to privatize in the same manner as the state of Washington, i.e. permitting direct sales of products from suppliers and vendors to privately owned stores, the obligations that the NHSLC has under the Lease Agreement with Exel or another party would remain.

Specific contract language covering this arrangement will be offered by Exel if the NHSLC elects to proceed with this Lease to Own option.

Disclaimer of Indirect and Consequential Damages

Our proposed language here is as follows: "Notwithstanding any other provision of this agreement to the contrary, neither party, in the performance of their obligations under this agreement shall be liable to the other for any indirect or consequential damages (such as, but not limited to: loss of profits, loss of business, loss of customer goodwill or punitive or exemplary damages or the costs and expenses in providing or securing substitute revenues even if the parties have been advised of the possibility of the same, and without regard to the nature of the claim or the underlying theory or cause of action (whether in contract, tort or otherwise)".

I trust this covers off what we committed in our discussion earlier this week. Again, if what we wrote generates any questions please don't hesitate reach back out to us.

Cheers,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Monday, November 12, 2012 11:43 AM
To: Fred Takavitz (Exel US); Greg Foreman (EXEL US); Robert Maclellan (EXEL US); Craig W. Bulkley; Rob Whipple (Exel US); Stephen J. Judge
Subject: Materials for our call at 2:00 pm
Attachments: New 5.2 v3 Nov 11, 2012.docx; KPIs and Penalties v2 Nov 11, 2012.docx

Here is the suggested wording to manage the risk of too much inventory on hand (#9):

> If at any point during the Agreement, the on-hand inventory exceeds optimum warehouse capacity for the safe and efficient provision of the services (for purposes herein, defined as greater than 85% capacity), then Exel has the right to request a rate increase to be charged to the industry to cover incremental costs incurred to safely and efficiently provide the services. These higher rates will remain in effect until the warehouse capacity is brought back to within the optimal range allowing for the safe and efficient provisions of services. Exel will be responsible for acquiring any additional storage space required to accommodate excess inventory.

Here is the suggested wording regarding a reasonable background check (#10):

> Contractor shall not assign any personnel to perform the services who Contractor knows or constructively should know, after reasonable investigation and other employment screening to the extent permitted by Applicable Law (i) has been convicted of fraud, embezzlement or other similar crimes involving dishonesty (as evidenced by background checks by Contractor which seeks information for the past seven (7) years), or (ii) does not meet the requirements under immigration Law to be employed or to perform services at such locations as may be required. Contractor agrees to defend and indemnify NHSLC from losses or claims incurred by NHSLC to the extent arising from Contractor's breach of the above requirements.

The attached file contains our suggested working on rate changes

The second attached file contains our suggested wording on Key Performance Indicators (KPIs)

We are still working on the wording for insurance.

Cheers,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

INSERT NEW 5.2

5.2

(a) Rates. The Warehouse Service Charges listed in Exhibit F are valid for the initial thirty (30) months of the contract: from November 1, 2013 until April 30, 2016.

(b) Rate Changes. The Warehouse Service Charges shall be reviewed starting one-hundred and twenty (120) days prior to the end of the first and each subsequent thirty (30) month period and may be adjusted effective at the beginning of such thirty (30) month period. Such adjusted Rates, even if agreed to after the beginning of a thirty (30) month period, will become effective, unless otherwise agreed, as of the first day of such thirty (30) month period.

(c) Operating Parameters or Scope of Service Changes. In addition to (b) above, after April 30, 2016, if during any year of this Agreement the Services or Operating Parameters vary to such a degree that either Party in good faith believes that a Rate adjustment(s) (whether an increase or decrease) is/are equitable, it shall notify the other Party of the same, and the Parties shall endeavor in good faith to mutually agree upon a temporary or permanent adjustment as promptly as possible.

1. The Warehouse Service Charges valid for the initial thirty (30) months of the contract are based on the Services, and Operating Parameters as outlined in Exhibit A
2. Both Parties acknowledge that certain Fixed Costs (examples provided in Exhibit A) by their nature do not vary directly with changes in Services or Operating Parameters, and that the Warehouse Service Charges are calculated on a per unit basis. As a result, in determining rate change(s) or adjustment(s) the Fixed Costs may cause various Warehouse Service Charges to vary at a rate inconsistent with the change in Services or Operating Parameters. For example, if Fixed Costs represent 25% of total costs and the volume increases 15%, the associated Warehouse Service Charges, since they are on a per unit basis will decrease by 3%: ((25%+(1-25%)*(1+15%))/(1+15%))-1. If Fixed Costs represent 40% of total costs and the volume drops 20%, the associated Warehouse Service Charges, since they are on a per unit basis will increase by 10%: ((40%+(1-40%)*(1-20%))/(1-20%))-1.

(d) Any Rate change(s) or adjustment(s) agreed by the Parties pursuant to subparagraph (b) and/or (c) above shall be reflected in an amendment to the Agreement, dated and signed by each Party.

(e) The failure of either party to propose or negotiate Rate change(s) or adjustment(s) in good faith is grounds for termination of the contract <would like to discuss this sentence as it is difficult to establish>. The failure of the Parties to mutually agree upon Rate change(s) or adjustment(s) is not grounds for termination. If the parties are not able to mutually agree upon a rate change(s) or adjustment(s), then either party may invoke the Contract Protest Process.

Exhibit A

(a) Services

- Steve to put this list together – just need to ensure it ties back to clause 5.2 where we refer to it as Services

(b) Operating Parameters

- <work in progress>

(c) Examples of Fixed Costs that do not vary directly with changes in Services or Operating Parameters. This is not a complete list. Depending on the degree of the change in Services or Operating Parameters Fixed Costs may vary to some extent with changes in Services or Operating Parameters

1. Facility lease
2. Management salaries and benefits
3. Depreciation
4. Building services
5. Security
6. Licenses and registrations
7. Telephone
8. Insurance
9. Taxes

Exhibit A

Key Performance Indicators (KPIs)

(a) In order to evaluate the performance of the Services, the parties agreed to the KPIs listed on Schedule **X**. Schedule **X** sets forth for each KPI the standard, the methodology in measuring the standard, the reporting requirements concerning the same, and other provisions relating thereto. Exel's failure to meet any of the KPIs shall be excused to the extend such failure is caused by the acts or omissions of the NHSLC, the Suppliers, Licensees, other third parties or because of Force Majeure events.

(b) For each KPI described in Schedule **X**, if the average of Exel's daily performance over a sixty (60) day rolling consecutive period fails to meet the "Target Level" as described in Schedule **X**, the NHSLC may require Exel to pay the NHSLC two percent (2%) of Exel's daily revenue for each day that Exel fails to meet the "Target Level". This clause does not come into force until June 1, 2014.

(c) The payments described in paragraph (b) above are the NHSLC's sole remedy if Exel is not performing the Services adequately. The failure of Exel to achieve the "Target Level" for a KPI is not grounds for termination.

Schedule **X**

(a) The KPIs detailed in the chart below shall apply April 1, 2014.

(b) At any time during the term of this Agreement, the NHSLC and Exel may upon agreement in writing revise KPIs or add new KPIs.

(c) This Schedule describes the service levels and performance standards that Exel shall provide to the NHSLC with respect to the Services. Each KPI shall be measured according to Exel's standard operating procedures as approved by the NHSLC. These standard operating procedures will be finalized and approved prior to April 1, 2014.

(d) Exel shall keep and maintain complete and accurate daily reports regarding the KPIs and the NHSLC shall have the right to audit same during the term of this Agreement and for 3 years following expiry or termination of the Agreement.

(e) Regular management review meetings between the NHSLC and Exel shall be scheduled to review the actual performance against projected performance, and to recommend actions to be taken to resolve any performance deficiencies.

(f) Should Exel fail to meet a KPIs "Target Level" over a thirty (30) day rolling consecutive period, Exel shall prepare an action plan to address the situation. This action plan will be presented to the NHSLC for review and discussion within 10 business days of the failure.

Key Performance Indicator	Goal	Target Level
Goods available for sale on time	Goods available for sale by midnight the day of receiving for domestic products, and by midnight following the	95%

Key Performance Indicator	Goal	Target Level
	day of receiving for imported products	
Goods loaded for shipment on time	Products loaded prior to the time mutually agreed with the transportation provider	95%
Inventory accuracy	For each cycle count the quantity counted matches the quantity listed in the system	95%
Order accuracy	For each item in the order, the product and quantity picked match the product and quantity ordered	95%

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Saturday, November 10, 2012 9:46 AM
To: Craig W. Bulkley
Cc: Fred Takavitz (Exel US)
Subject: RE: Exel-NHSLC Warehouse Services RFP Correspondence

Will we have a chance to review them to identify any intellectual property or sensitive information that we wish to keep confidential before these documents are made public?

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, November 09, 2012 5:04 PM
To: Scott Lyons (EXEL CA); Fred Takavitz (Exel US); Stephen J. Judge; Judge, Steve
Cc: George P. Tsiopras; John D. Bunnell; Hastings, Peter
Subject: Exel-NHSLC Warehouse Services RFP Correspondence

Gentlemen:

Attached please find two documents that (hopefully) contain all correspondence that passed between Exel and the NHSLC during the course of the RFP process.

Scott/Fred – we think we had a very productive day today and look forward to further discussions next week. Have a great weekend.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Saturday, November 10, 2012 9:43 AM
To: Fred Takavitz (Exel US); Greg Foreman (EXEL US); Robert Maclellan (EXEL US); Craig W. Bulkley; Rob Whipple (Exel US); Stephen J. Judge
Cc: Mick Dragash (Exel US); Mark Smolik (EXEL US)
Subject: Updated List of Items
Attachments: NHSLC List of Items to be Updated in the Contract V3 Nov 10, 2012.docx

Attached please find the updated list of items – I added where they go and who is responsible for drafting.

Also, Steve will take the first crack at Exhibit A, and Exhibit B.

Regarding the documents:

Warehouse License Application

- Exel to submit.

Certificate of good standing from Secretary of State (must be Exel Inc.)

- In progress. As it is a holiday for the state it will be available on Tuesday. Will need to work out mechanics of having it in New Hampshire on Tuesday or Wednesday

Certificate of Vote

- Rob to coordinate Mark signing a more current cover letter

Insurance Certificate from your insurance company

- What was provided in the RFP documents is adequate

Background check

- Believe this is not required as per our discussion yesterday. They will be done by Exel and in the employee files.

Performance Bond

- Need to finalize amount on Monday.

Transition Bond

- Need to finalize amount on Monday.

Let me know if I missed anything.

Thanks,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

NHSLC List of Items to be Updated in the Contract V3 Nov 10 2012.docx

Items with wording complete:

1. Appendix E – Paragraph 16 – Waiver of Breach
   - See Aug 10th email from Craig Bulkley: Best & Final Offer Follow-up
2. Appendix E – Exhibit C – Paragraph 26 – In sub-paragraph 4…
   - See Aug 10th email from Craig Bulkley: Best & Final Offer Follow-up
3. last sub-paragraph of paragraph 26, page 67
   - See Aug 13th email from Craig Bulkley: BAFO Follow-Up Errata - Part II

Items with wording to be completed:

1. The parties mutually agree to waive consequential and indirect damages (Legal – Exhibit C - Steve)
   - See Oct 26th email from Craig Bulkley: Re: P-37 amendments
   - See Sep 13th email from Scott Lyons: Exel – Follow-up from Monday's call

2. Reasonable transition bond (Legal / Business – Exhibit A - Scott)
   - See August 8th email from Scott Lyons: Re: Transition Bond BAFO Clarification
   - See our best and final offer

3. When the performance bond will be accessed (Legal – Exhibit A - Steve)
   - See Oct 26th email from Craig Bulkley: Re: P-37 amendments

4. Access to the contract protest process in the event of a good faith impasse on rate negotiations (Legal) / Business – Exhibit C - Steve)
   - See Oct 25th email from Steve Judge: Re: Performance bond

5. Amount of the contract performance bond (budgeted for $1million) (Business) – Exhibit A - Scott
   - See Aug 10th email from Craig Bulkley: Best & Final Offer Follow-up
   - See our best and final offer

6. Appendix E – Exhibit C – Paragraph 14.1.2 and 14.1.3 – insurance (Legal – Exhibit C - Rob
   - See Aug 10th email from Craig Bulkley: Best & Final Offer Follow-up
   - See our best and final offer

7. Exclusivity (internal discussion point) (Legal – Exhibit A - Steve)
    - See Nov 2nd email from Scott Lyons: Financial BAFO w/ extension
    - See our fine tuned best and final offer
    - See Aug 10th email from Craig Bulkley: Best & Final Offer Follow-up
    - See Exhibit A paragraph 3 of LAW's current agreement

8. Current & Future Data Requirements (Legal – Exhibit A - Steve)
    - See Aug 2nd email from Craig Bulkley: Current & Future Data Requirements
    - See our best and final offer

9. Manage the risk of too much inventory on hand (business – Exhibit A - Greg)
    - See Aug 3rd email from Craig Bulkley: Questions Posed by Vendors

10. Employees will submit to a reasonable background check (Legal Exhibit A - Rob)
    - See Aug 3rd email from Craig Bulkley: Background Check
    - See our best and final offer

11. Rate Changes (Legal / Business – Exhibit A - Scott)
    - See our Best and Final Offer
        - See answer to question 18 from the May 1, 2012 CLARIFICATIONS AND AMENDMENTS this clause needs to be amended to conform to Sections 1.10.3 and 1.10.4 of the RFP
        - See the answer to question 22 from the May 1, 2012 CLARIFICATIONS AND AMENDMENTS
            - First 30 months the rate does not change
            - Rate changes after the first 30 months, i.e. not just at every 30 month interval
    - See Aug 10th email from Craig Bulkley: Best & Final Offer Follow-up
    - See Nov 2nd email from Scott Lyons: Financial BAFO w/ extension
        - Importance of fixed costs to the rates
    - We have standard rate change language as a starting point
        - Operating Parameters or Scope of Service Changes. If during any year of this Agreement the Services or Operating Parameters vary to such a degree that either Party in good faith believes that a Fee adjustment(s) (whether an increase or

decrease) is/are equitable, it shall notify the other Party of the same, and the Parties shall endeavor in good faith to mutually agree upon a temporary or permanent adjustment as promptly as possible.

12. Transition Costs (Business – Exhibit A - Steve)
    - See Nov 8th email from Scott Lyons: Transition costs

13. KPIs and penalties – service failures do not lead to breach (Business - Exhibit A – Scott)
    - See Nov 2nd email from Scott Lyons: Financial BAFO w/ extension

Metric	Target Level	Minimally Acceptable Level
Goods available for sale on time	98%	<90%
Goods loaded for shipment on time	98%	<92%
Order completeness	98.5%	<90%
Order accuracy	98.5%	<92%

- Based on 60 day rolling average
- 1% of revenue per KPI for the time period where we are not achieving the minimally acceptable level
    - This arrangement commences April 1, 2014
- Establish methodology for measuring the KPIs in the first six months of operation. The measures will only include our acts or omissions.

14. Assignment provision (Legal- Closed)
    - See Aug 13th email from Craig Bulkley: BAFO Follow-Up Errata
        - Do we wish to take an exception? Please note we have not so far

15. Revenue sharing (Legal – Exhibit A - Steve)
    - See Sep 11th email from Scott Lyons: Revenue sharing

From:	Fred Takavitz (Exel US) <fred.takavitz@exel.com>
Sent:	Friday, November 09, 2012 5:10 PM
To:	Craig W. Bulkley
Cc:	George P. Tsiopras; John D. Bunnell; Hastings, Peter; Scott Lyons (EXEL CA); Stephen J. Judge; Judge, Steve
Subject:	RE: Exel-NHSLC Warehouse Services RFP Correspondence

Thank you. We too feel that it was balanced conversation and a productive day.

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, November 09, 2012 5:04 PM
To: Scott Lyons (EXEL CA); Fred Takavitz (Exel US); Stephen J. Judge; Judge, Steve
Cc: George P. Tsiopras; John D. Bunnell; Hastings, Peter
Subject: Exel-NHSLC Warehouse Services RFP Correspondence

Gentlemen:

Attached please find two documents that (hopefully) contain all correspondence that passed between Exel and the NHSLC during the course of the RFP process.

Scott/Fred – we think we had a very productive day today and look forward to further discussions next week. Have a great weekend.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From:	Craig W. Bulkley <cbulkley@liquor.state.nh.us>
Sent:	Friday, November 09, 2012 5:04 PM
To:	Scott.Lyons@exel.com; fred.takavitz@dhl.com; Stephen J. Judge; Judge, Steve
Cc:	George P. Tsiopras; John D. Bunnell; Hastings, Peter
Subject:	Exel-NHSLC Warehouse Services RFP Correspondence - Part I & II
Attachments:	Exel-NHSLC Correspondence - Part I.pdf; Exel-NHSLC Correspondence - Part II.pdf

Gentlemen:

Attached please find two documents that (hopefully) contain all correspondence that passed between Exel and the NHSLC during the course of the RFP process.

Scott/Fred – we think we had a very productive day today and look forward to further discussions next week. Have a great weekend.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Chief of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, April 19, 2012 9:57 PM
To: Craig W. Bulkley
Subject: Warehouse Services for Spirits & Wine Product
Attachments: Questions for RFP 2012-14 - Warehouse Services for Spirits & Wine Product.docx

Attached please find our questions for this RFP. Please do not hesitate to contact me if you require clarification for any of our questions. We look forward to receiving the answers.

Cheers,
Scott Lyons
Vice President Business Development

Exel Americas, Retail
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

Exel
570 Polaris Parkway
Westerville, Ohio
43082
Telephone: 905 366-7691
Mobile: 416 417-2537
www.exel.com

April 19, 2012

Mr. Craig W. Buckley
Director Division of Administration
NH State Liquor Commission
P.O. Box 503
Concord, NH, 03302-0503

VIA Email: cbulkley@liquor.state.nh.us

Reference: RFP 2012-14 – Warehouse Services for Spirits & Wine Product

Dear Mr. Buckley,

Below please find Exel's questions in regard to the above referenced RFP. We attempted to group them to facilitate your preparing answers. Please contact me with any questions the NHSLC may have in regard to answering our questions.

Finance and Legal Questions

1.7.4 Financing

- What variables does the NHSLC envision as potential methods of obtaining financing at the lowest possible cost?
- Does this mean the NHSLC will enter into an agreement with a Contractor to provide the financing?
- In the case of leases or other long-term investments does this mean the NHSLC will pledge to accept an assignment of a lease or to purchase an asset at its book value if the contract terminates before its expiry date?
- What does the NHSLC mean by "confined to the financing of the proposal"?

1.10.1 Duration of Contract

- Is there flexibility to have a shorter term?

1.10.2 Exclusive Contract

- If the NHSLC awards the contract to multiple vendors the revenues generated will likely be significantly less than anticipated, and the operation may no longer be economically viable at the price point quoted. What process will the NHSLC follow to solicit new pricing from all proponents if they choose to award the contract to multiple vendors?

1.10.4 Rate Changes

570 Polaris Parkway
Westerville, Ohio
43082
Telephone: 905 366-7691
Mobile: 416 417-2537
www.exel.com

- Clause 5.2 of Exhibit C to Appendix E can be interpreted as inconsistent with this clause in the RFP. Please confirm that the rate change provision will be included in the contract, including the provision for termination.

- Under this clause is it the intention of the NHSLC that the rate only changes every three years or can the rate change each year subject to agreement on the yearly rate changes made every three years?

- Given the volatile economic conditions recently and resulting complexity and challenges associated with predicting costs, improvements and volumes across a three year period will the NHSLC consider an annual rate review schedule?

- Recognizing that the pricing provided in this RFP will be more than one year in advance of start-up and therefore valid for a period of more than 4 years, will the successful proponent be given an opportunity to renegotiate the rates before 30 months after the contract commences?

- How does the NHSLC foresee managing changes in the volume, scope of services or operating parameters and their impact on costs and therefore rates? As an example, changes in the percentage of bottle pick will impact costs significantly. These factors may lower or raise the cost structure, or lower the total cost for the NHSLC but raise the cost to operate the warehouse.

- There are items that can affect the costs of operating the warehouse that may be poorly correlated with CPI, e.g. taxes, interest rates, utility costs. Will the NHSLC accept rate increases above the rate of the CPI throughout the term of the agreement if the proponent is able to show that costs have risen greater than the CPI?

- Recognizing that certain assets such as real estate, racking, systems development work, or start-up costs cannot be re-deployed, may take significant time to re-deploy, or may not be fully amortized, if the contract terminates before its expiry date what reasonable costs will the NHSLC reimburse to the Vendor?

1.11 Monthly Billing Summary

- Please provide a rough example of this report.

1.19 Form of Contract

- Please confirm that in the case of warehouse service charges charged to Suppliers, the Supplier pays the Vendor directly and that the Supplier does not pay the NHSLC and the NHSLC in turn pays the Vendor?

- Is it the NHSLC or the Vendor that contracts the Suppliers? Assuming it is the NHSLC, please provide the terms and conditions of the contract. In addition, what support can the Vendor expect from the NHSLC in dealing with Supplier's non-compliance with the agreement between Vendor and the NHSLC in the case the NHSLC contracts directly with the Supplier? In addition, again assuming the NHSLC executes the contracts with the Suppliers; what indemnification will the NHSLC provide to the Vendor?

570 Polaris Parkway
Westerville, Ohio
43082
Telephone: 905 366-7691
Mobile: 416 417-2537
www.exel.com

- What is meant by the invoice term "Net Due, Finance Charges apply at an annual rate of 18% for uncollected funds at the end of each calendar month"? Could you provide an example of once an invoice is issued when we would be entitled to the Finance Charge?
- What is the history of Supplier's defaulting on their obligations to the Contractor? Please provide any details as to the level of bad debt being incurred?
- If during the term of the contact the Government of New Hampshire chooses to privatize all or part of the NHSLC's current scope of services, what would happen to the Contractor's contract with the NHSLC?
- Is the NHSLC open to developing a dispute resolution process?

3.0.15 Insurance, Bond and Registration

- In order to facilitate comparison between proposals, please provide the value of Product owned by the NHSLC that all Vendors must use when determining the cost of the all risks insurance coverage. Also, please provide the value of Supplier product that all vendors must use in the pricing.
- The NHSLC is asking for all risks insurance for its Products, and in addition the NHSLC is asking for fire and extended coverage. What are the scenarios that the NHSLC envisions needing fire and extended coverage insurance when all risks insurance is in place?
- What are the Supplier's' expectations relative to recovery for loss or damage to inventory while in the warehouse / Contractor's care custody and control? Will the vendors submit claims to the NHSLC or to the Contractor directly? Will the Suppliers agree to the terms and conditions regarding loss or damage to product that are in the agreement between Vendor and the NHSLC?

Appendix C VII 8

- Will the NHSLC accept a certificate of insurance instead of a copy of the insurance policy?
- Will the NHSLC accept 30 days notice of cancellation, suspension or surrender of the insurance policy?

Appendix C VII 9b

- Should this sentence be broken into two sentences? For example, "The transportation contractor is responsible for damaged merchandise received by a store at the time of delivery. In addition, the transportation carrier is responsible for shortages from trailers arriving at stores with broken trailer seals"? As a single sentence it could be interpreted that the transport contractor is responsible for damaged merchandise received by a store at the time of delivery only if the trailer seals are broken.

Appendix C VII 10d

- What is the definition of other problems caused by the Warehouse contractor?

570 Polaris Parkway
Westerville, Ohio
43082
Telephone: 905 366-7691
Mobile: 416 417-2537
www.exel.com

- What is the definition of missing a delivery?

- Should the phrase "Three (3) scheduled deliveries within a span of a three-month period" be modified so that a single event does not trigger the liquidated damages? As an example, a system failure in the morning could lead to multiple be late deliveries throughout the day and therefore trigger multiple charges of liquidated damages.

- Would the NHSLC consider a more broad method for measuring service levels and a different approach to incentivizing attainment of these service levels?

Appendix C VII 13

- What is the NHSLC's definition of a Force Majeure event?

- What is the rationale for accessing the Contractor's insurance for an event outside of its control?

Appendix C XIV

- This clause appears to contradict clause Appendix C VII 9b. Which clause should be considered correct?

Appendix D

- What is the definition of "Code" where the handling is charged upon receipt of goods and calculated on a "per code per receipt" basis?

- Please provide the definition of Blankets?

- In order to facilitate comparisons between proposals, please provide the following figures that all vendors must use (and that the NHSLC will utilize in costing the various proposals). These will need to provided for both Nashua and Concord.

    - Percentage of inbound receipts for each code category

    - Percentage of storage for each aging category for cases, allocated inventory, unsaleable cases, pallets, and unsaleable pallets

    - Percentage of outbound order processing / reporting for each bottle category

Appendix E

- Some of our objections and proposed additions to the draft contract set forth as Appendix E have financial implications. Should this financial impact information and associated assumptions be included separate and apart from our pricing worksheets?

<u>Engineering Questions</u>

Are there common SKUs in Concord, and Nashua? If so, how many SKUs are common to both?

For a Product, are separate SKU numbers utilized for each unit of measure (bottle, case and pallets)?

exel

570 Polaris Parkway
Westerville, Ohio
43082
Telephone: 905 366-7691
Mobile: 416 417-2537
www.exel.com

Please provide these data files:

- Item Master File. For each Product please include the SKU number, shipping unit quantity and the unit of measure (bottle, case or pallet), shipping case dimensions for each Product in the warehouse, and pallet stakability (e.g., certain SKUs can only be stacked 2 high in bulk locations)
    - If the file is not available please provide:
        - Weighted average cube per case (cubic feet per case) or item dimensions
        - Those SKUs with restrictions on the number of pallets that can be stacked, and for that SKU how many pallets can be stacked
- For both an average and peak month the please provide the customer/store order files. For each order please include the date, the customer type (state stores, licensee pick up, licensee delivery), for each line on the order the SKU, and quantity.
    - If the files are not available please provide:
        - Volumes for each store location
        - Volume of pallet picks, case picks, and unit picks
        - By customer type (state stores, licensee pick up, licensee delivery) please provide the annual volume shipped, orders shipped, order lines, and units per order line.
        - Current outbound cases per pallet
        - For Unit (single bottle) Picking:
            - Is bottle pick occurring at the Concord site? If so, please provide a breakdown by location?
            - Are the 3,400 SKUs identified as bottle pick included in the total SKU count of 13,700 at Nashua or are they in addition to them?
            - Are 967,285 bottle picks included in the annual case volumes provided or are they in addition to them?

Item and volume clarifications:

- RFP provides two different volume totals for 2011. Please indicate which is correct for analysis:
    - P77 shows 4,890,479 cases for both DCs
    - P78 shows 3,298,235 cases for both DCs

Delivery clarifications:

570 Polaris Parkway
Westerville, Ohio
43082
Telephone: 905 366-7691
Mobile: 416 417-2537
www.exel.com

- Are any shipments performed on side-loader trucks? Are there any shipments that must be hand loaded for delivery? If so, what is the volume?

- The RFP states that 29 stores receive loads on pallets. How are the remaining stores receiving loads i.e. are cartons floor loaded onto outbound trucks?

Inbound Activity (Concord and Nashua DCs activity combined):

- Are inbound palletized loads all single SKU pallets? If not, can provide the percentage of mixed SKU pallets?

- What is the breakdown for inbound volume: % slip sheet vs. % pallet

- What is the breakdown for inbound loads: % FTL vs. LTL vs. Rail vs. Ocean Container

- What percentage of inbound loads are on ASNs vs POs?

- What is the breakdown on inbound cases arriving with the appropriate New Hampshire labels affixed to each case, i.e. what is the percentage of cases requiring labeling or relabeling?

Returns:

- What is the volume/activity of product returns to be handled

- Does the supplier provide quality checking of returns and damaged product?

1.1 Purpose

- Under either scenario is it a correct assumption that the NHSLC will be responsible for all costs generated in cross-docking Products from the Concord site to the Vendor's site, and that these should not be built into the pricing worksheets?

- Under either scenario is it a correct assumption that the costs to warehouse any of the Products the state chooses to keep in the Concord warehouse should not be factored into our pricing worksheets?

- Under the one warehouse scenario please provide by customer type (state stores, licensee pick up, licensee delivery) the annual volume shipped, orders shipped, order lines, and units per order line assumptions for Products that the NHSLC wishes all Vendors to assume will be handled by the Concord warehouse and therefore not to be included in the costs built into the pricing worksheets.

<u>Operations Questions</u>

3.0.4 Warehouse General Requirements

- What types of products will be stored in the temperature controlled area?

570 Polaris Parkway
Westerville, Ohio
43082
Telephone: 905 366-7691
Mobile: 416 417-2537
www.exel.com

- What is the expected volume of the temperature controlled products at the start of the contract term and what type of growth rate is forecast?
- Does the NHSLC envision storing any Products it owns in the temperature controlled area and is there a regulatory requirement to keep it segregated from bailment inventory?
- Is there a requirement for the inbound carrier to protect loads from temperature damages including damage to loads that occurs because the trailer cannot be unloaded before temperature damage occurs?
- Does the requirement to unload incoming road traffic typically within two hours pertain to sea containers, or floor loaded trailers?
- Is there a specific requirement for inbound and outbound pallets? If so, what are the requirements?
- Will the vendor be responsible to for managing and / or returning pallets to suppliers? If so, what have been the quantities of pallets returned to suppliers?
- Who is responsible to provide the outbound pallets? Will pallets be returning from stores and licensees?
- Will dunnage be returning from stores and licensees?
- What is the maximum height for pallets coming from Suppliers?
- Is there a maximum height for pallets going to stores and licensees? If so, what is this height?

3.0.6 Floor Capacity and Storage Strategy

- Are there specific requirements for the customs bonded warehousing area, and if so what are those requirements?

3.0.12 Warehouse Charges and Rates

- What are the environmental restrictions associated with the destruction of unsaleable Product?
- How is FIFO determined? Is it by Purchase Order or by Lot Code? Please note that Suppliers often place multiple lots on a pallet?

3.0.7 Floor Movement Capacity

- There is reference to equipment to handle slip-sheets and barrels. What is the definition of a barrel? What Product is packaged in barrels? What is the volume of these Products and do they have any special handling requirements?

3.0.10 Computer Linkage with the NHSLC

570 Polaris Parkway
Westerville, Ohio
43082
Telephone: 905 366-7691
Mobile: 416 417-2537
www.exel.com

- How are new SKU's entered into the warehousing system? Is this an automatic upload from the NHSLC or does the warehouse contractor need to play a role? If the Vendor needs to play a role what is the role?

- How many new SKU's are created on average in a month?

General

- What is the volume of emergency or special orders?

- What is the NHSLC's expectation for auditing outbound loads?

- Please describe the NHSLC's operations clock, e.g. when do orders initially begin to become visible in the system, when does the order desk close, i.e. no new orders are permitted, when are the orders built into routes, when are the orders available to be organized into batches for picking, and when must the orders arrive at the store or licensee.

- Are the New Hampshire labels required for reasons other than warehousing, i.e. is there any reason that the proposed solution could not use the use industry standard SCC barcodes?

- Do Suppliers co-mingle inbound bailment products with inbound NHSLC owned Products? If so, how are the different Products identified? Are there different receiving requirements for processing both?

- On page 33 there is reference to accepting inbound deliveries until 8 PM, and on page 49 the window for inbound shipments is until 9:30 PM. Which is correct?

- What are the requirements for securing outbound pallets/cases, e.g. must they be stretch wrapped? Do the requirements vary in any way?

- In the Feb 15 meeting minutes it's noted that the Commission has conducted an extensive review of the previous short term contracting practice. Can the commission disclose any more specifics regarding the review?

- What is the NHSLC's definition of automation? Can the NHSLC provide any reports utilized or further information gathered in confirming the savings potential that could be realized through a modern automated system?

- Will the NHSLC grant potential Vendors the opportunity to view the ordering system(s)? At minimum can screen shots be provided?

- Will the NHSLC publish the 2011 short term warehousing RFP responses?

- From a regulatory perspective can bailment inventory and NHSLC inventory be co-mingled in the warehouse or must it be segregated? This may be an issue because the bailment inventory has not been purchased from the Supplier while the NHSLC inventory has been purchased from the Supplier.

- Is the current operation at Nashua unionized and if so which union represents them?

570 Polaris Parkway
Westerville, Ohio
43082
Telephone: 905 366-7691
Mobile: 416 417-2537
www.exel.com

- What is the current run-rate for damages or losses charged back to the warehouses?

- How are the current operations performing against the following service parameters: receiving scheduled loads on time, goods available for sale on time, goods shipped on time, goods delivered on time, order completeness, order accuracy, and inventory accuracy? For the last three please provide the measure for case and bottle pick?

IT Questions

Appendix K

- Page 85: 'The Warehouse will provide the Broker and Suppliers reports via the NHSLC Web server'. Is the expectation that the Vendor or NHSLC will be responsible ("own") the Web server moving forward?
    - If NHSLC, What is the method by which the Warehouse will populate the Web server? How will the Warehouse access this server to provide requested reports?
    - If Vendor, how many users are expected to need access to the Web server?
- Page 86: In regards to all references to the 'Order Status Transaction History' and 'Perpetual Inventory': The RFP notes that this file is maintained by the warehouse
    - Is the expectation for the file to be maintained within the 'Warehouse' for auditing purpose, or sent electronically to NHSLC based on the scheduled defined in Appendix P?
        - How long is the warehouse expected to keep a record of the Order Status Transaction History?
- Page 86: 'Web customer orders will be written by the NHSLC Internet Ordering System directly into the Warehouse for immediate processing by the Warehouse's own internal systems.'
    - Please clarify expectations surrounding the On Line Orders. Is the expectation that the Warehouse provides the website or will NHSLC retain ownership with a link to the Warehouse?
    - If NHSLC retains ownership, what is the method of communication to the Warehouse to provide the required validation checks for processing?
- Page 87: 'The Warehouse is required to commit/reserve inventory for each order as it is received into their system'.
    - Will NHSLC do any level of inventory check prior to sending orders down to the Warehouse for processing?
    - What is the expected result for,the quantity that is unable to be fulfilled – is the entire order rejected, just the unavailable quantity, the entire line item for the shorted item, or other criteria?

570 Polaris Parkway
Westerville, Ohio
43082
Telephone: 905 366-7691
Mobile: 416 417-2537
www.exel.com

- Page 87: 'The Warehouse will approve all Licensee orders based on their available credit.'
    - Please clarify the expectations of the warehouse regarding credit checks. APPENDIX P references credit information will be transmitted hourly. As an example, if the available credit is $100, is it possible to receive two orders within one hour for the same licensee, one for $50 and a second for $75? If so, what would be the expected outcome?
- Page 88: References 'Automatic Order List' in APPENDIX P. Please send forward this transaction – did not locate within APPENDIX P.
- Page 90: 'Warehouse must verify that all stock received for distribution within the state at their location is owned by approved vendors, or by the NHSLC.'
    - Outside of a blanket PO, how else will expected receipts be communicated to the Warehouse? Who will communicate with the Warehouse the expected receipts – NHSLC or Vendors?
    - What are the expectations around blind receiving against an approved vendor?
- Page 90: 'If product is unloaded from an unapproved vendor, then Warehouses shall, within 24 hours, report to the NHSLC any Liquor or Wine arriving in, in transit through or departing from the State for distribution outside the state'.
    - What will be communicated to the Warehouse as to the expected receipts and shipment of product?
    - What is the expected method of communications for reporting activity to the NHSLC?
- Page 90: What are the expectations for processing of items that have unapproved Suppliers or brand codes? - Who will control the submission of orders on items that are not on the Approved Brand list? Is it a correct assumption that items only on the Approved Brand list can be sold to licensee?
- Page 91: 'Warehouse items not approved by the NHSLC must be suspended.'
    - What is the agreement with the Suppliers regarding compliance issues? What is the process for managing Suppliers? Would it be a correct expectation is that the warehouse should not be receiving Products that are not on the Approved Brand list? Is the process that these Products would be returned to the Supplier and never received into the warehouse?
- Page 91: 'The Warehouse will record all vendor purchases needed onto the monthly Blanket Purchase Order that is supplied by the NHSLC'. Is this statement intended to say 'received' instead of 'needed'? If not, please explain process as the Blanket Purchase Order is specified to a one directional file from NHSLC.
- Page 136: 'Summary' File is referenced only twice in the RFP in APPENDIX K as a requirement for SHIP ('Each day the Warehouse must produce a Ship File that includes all items shipped that day. Warehouse must also produce a Summary file') and PURCHASE ('Each day the warehouse

570 Polaris Parkway
Westerville, Ohio
43082
Telephone: 905 366-7691
Mobile: 416 417-2537
www.exel.com

must produce a Purchase file that includes all of the bailment items shipped that day. Warehouse must also produce a Summary file'. However, in APPENDIX K, the 'Summary' file states 'Each file transmitted must also have this summary file' and lists Key Codes for files such as Inventory, Credit, Order Header, etc. Please clarify requirements for use of Summary file. How does NHSLC use this information?

- Appendix P

- Page 92: References 'Core Detail' in APPENDIX P. Please forward this transaction – did not locate with APPENDIX P

- What is the preferred message format and transportation method for communication of files?

- Page 98: 'The Warehouse will provide methods of summarizing and presenting the Warehouse orders in a manner that is reliable, useful and supportive of ordering management.' RFP states that this information is going to be provided by the NHSLC Web site – what are the expectations of the Warehouse for 'presenting' the orders?

- Page 97: RFP references 'transfers out-of-state', are there special systems requirements for managing out-of state orders?

Overall

- Please provide the rationale for the decision to wait to issue the transportation services RFP until a warehouse vendor is chosen from the long-term warehouse RFP process? Having both transportation and warehousing in one RFP would allow all vendors to build in the potential cost savings synergies from operating both warehousing and transportation.

- The second paragraph of the General Requirements on page 42 asks the Vendors to "Use the following task descriptions as your point of departure. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. If more than one approach is possible, comment on why you chose your approach". As there are no task descriptions in General Requirements, where can we find these task descriptions?

- On page 103 Exhibit F (current warehousing pricing structure) is missing. Will this be provided?

- The RFP footer suggests that there are a total of 156 pages. The last page of the RFP is page 151. Are there pages missing?

- Within appendix D-1 the rate for storage of cases is listed at $.25/case/14 days. Is this a mistake or is this rate the NHSLC wishes to pay for the first 30 months of the contract? Likewise, the rate for storage for pallets is listed at $4.50 per pallet per 14 days.

Longtermwarehouseresponses.pdf

- The answer to Question 26 states that the successful bidder is responsible for all inventory losses based on the NHSLC cost per bottle. This seems to contradict the Liability and Limitation of Damages clause in Appendix D. Which is correct?

570 Polaris Parkway
Westerville, Ohio
43082
Telephone: 905 366-7691
Mobile: 416 417-2537
www.exel.com

Sincerely,

Scott Lyons
Vice President

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Monday, June 25, 2012 1:22 PM
To: Craig W. Bulkley
Cc: Steve Hess (EXEL US); Greg Foreman (EXEL US); Gurjeet Singh (Exel CA); Robert Rujevcan (EXEL US); Robert Maclellan (EXEL US); Steve Turchan (EXEL US); Sally Miller (EXEL US); Fred Takavitz (Exel US)
Subject: RE: Phone Meeting Next Week

In preparation for our meeting at 2:00 here are answers to the majority of the questions listed below.

1. Real Estate, more specifics regarding our preferred site(s) and where we are in terms of securing a solution
   - We have submitted a letter of intent to the owner of the Audley site in the town Bow

2. Labeling, including how we plan to track different vintages and handle the labeling process. The suppliers cannot properly label cases
   - Exel will use the UPC (Universal Product Code) on the case to cross reference to a SKU in the WMS. This cross reference is done behind the scenes by Exel and will not access NHSLC systems – therefore, no labeling on the case will need to be done from our perspective. Bottle labeling can be done as a value added service and charged to the Agent if the labeling does not meet state requirements – we do this today at Connect. Vintages can be tracked by one of two methods – first method is to have each vintage listed as a separate SKU and sorted by vintage at the point of receiving. Once each vintage is a separate SKU we have full control over it's movement based on parameters that can be set up in the WMS. The second method is to keep the same SKU but physically locate it in a separate pick face – we can turn that pick face on and off as required by the Agent or State to ensure the cases picked and shipped are the correct vintage.

3. Systems integration, recognizing that the PA 'standard' is not desirable
   - We believe our responses to the questions provided on Jun 18th cover off systems integration, but if more discussion is required we would be happy to link up our respective IT teams

4. Communication lines into the proposed facility
   - The requirement for fiber optic cable is understood and will be included in the specifications for the building

5. Review the Concept of Operations, 'what happens when a truck backs up to the receiving dock'? How do we plan to ship mixed pallets with different case sizes? Receiving product and getting inventory into the system; can take as long as 18 hours in the existing process.
   - Prior to a truck backing up to the dock it must go through our security gate and be recorded in the WMS against an existing appointment and a Purchase Order. The Inbound truck will be assigned a door based on the load contents, considerations for door assignment include – where the product will be stored in the facility, the mix of the load (will it require a large floor area to sort the product), quantity On Hand (do we need this product immediately for picking), VAS, etc.
   - Once the trailer has been assigned a door, the receiver and unloader will work together to receive the product. In the case of mixed SKU's – each SKU will be unloaded and sorted to a separate pallet – each SKU will be verified through the Quality Control Process (checked for labeling, damage and if a new SKU go through IC) and also verified against the PO for correct quantity. Each pallet will have a generic barcode attached on 2 sides for identifying the pallet through the warehouse. Each of the pallet barcodes will be scanned with an RF Gun and all the information for that pallet will be associated to that barcode including SKU, Quantity, Ti X HI, Code Date, etc – some of this is automatically populated, other fields are confirmed by the receiver on the RF Gun and some information is manually entered into the RF Gun. Once the load is complete, the PO will be compared against the receiver inputs and a validation (Over, Short & Damage) report will be automatically generated. If there is a discrepancy – Inventory Control and the Receiving Supervisor will be notified to correct the discrepancy or make an adjustment within the system. If there is no

discrepancy, the load will be confirmed in the WMS and the PO closed. Receiving into the WMS can be done on a pallet by pallet basis or as an entire load (PO). The receiving information is uploaded into the WMS at least every 15 minute; therefore, visibility of the product will be available within 15 minutes of the load being completed and verified.

- Once the product has been received, putaway will begin. Putaway is directed by the WMS based on product requirements and parameters set up in the WMS. The putaway driver will scan the barcode on the pallet or pallets and the WMS will provide a location(s) in the warehouse to put the product away. The location could be a reserve location, a pick face or an outbound staging lane depending on certain criteria.
- Once the product is putaway the receiving cycle is completed.
- Mixed Pallets with different case sizes will be picked on a double pallet jack. Every other layer on the pallet is tied with string to ensure the product does not slide or fall while the Order Selector is building his / her pallets. Once the order(s) have been picked the Order Selector will travel to the checking area where each pallet may be confirmed for correct quantity and SKU's. This is completed by a Checker who scans all the UPC's on each pallet with an RF Gun. The audit is done by comparing the original pick assignment against what the checker has scanned. If a discrepancy exists the pallet(s) will be moved to a "trouble area" where the IC staff will work with the Order Selector to correct the pick assignment. Once the pick assignment is deemed to be correct, each pallet is machine wrapped in order to prevent load shifting and keep the integrity of the pallet and cases for shipment to the retail store.

6. Plan to handle customer pickups at the DC
   - Customer pickups at the DC will be completed using a number of staging locations where each order can be staged awaiting pick up. Once an order has be picked that order will be designated a staging location where all cases / kegs will be staged awaiting pick up. Again the order is tracked through the WMS so that when a customer arrives to pick up we can easily identify where the order is staged. Depending on the quantity of cases that the order contains, different loading methods will be employed to assist the customer with loading. Each order will have a manifest that lists the SKU, description of the product and the quantity. This manifest can be used by the loader / customer to verify each case / bottle is present. Entrance and exit for customer pick will be controlled through the security gate and a separate traffic flow.

7. Review productivity assumptions in the bottle pick area
   - Bottle Pick productivity is set at [redacted] units per productive hour. If anything, based on our experience at other operations this may be conservative for this type of operation.

8. Confirm our plans around inbound appointments
   - Inbound appointments will be made by agents / carriers in order to bring product into the facility. Typically agents would be given allotments per week / day depending on volume. Exel will work with agents to ensure everything possible is done to receive the product on a timely basis in order to avoid demerge, shorts and damage to the product. The idea of appointments is to balance the receiving volume over the course of a day or week so that the warehouse can staff appropriately and turn doors as needed. Exel's objective would be to have carriers arrive within 15 minutes of their scheduled time; however, we understand that it is not always possible to do so. No carrier will be turned away; however, if a carrier misses his / her appointment they may have to wait a reasonable time to get fit into the receiving day. Exel will publish receiving reports and inform carriers / agents of their On Time Performance. We will work with the carriers / agents to help them better achieve 100% On Time Performance and eliminate driver wait time.

9. Clarity around what a driver is to do (and where he goes) when his trailer is being loaded or unloaded
   - Exel has assumed a Warehouse Load / Unload process in which the driver will not participate. The drivers will be asked to wait in a Driver's lounge where seating, restrooms and vending will be available while their trailer / truck is being loaded or unloaded. The driver will have the opportunity the check his / her load prior to departure; however, for the most part Exel will ask that the Driver be in a secured area off the warehouse floor. There may be instances where a driver must visually check the unload or load of his / her vehicle. In these cases the drivers will be given an area of confinement in order to do this.

10. Review the concept of 'free storage' for product that the State may procure. Could be as much as 35,000 cases
    - On our call at 2:00 pm, we would like to discuss our alternate proposal and the benefits for the Commission from looking at the distribution operations as a profit center

11. Review the requirement for rate guarantee in the first 30 months
    - On our call at 2:00 pm, we would like to discuss our alternate proposal and what our experience is the best commercial structure to minimize the cost of running the distribution operations

12. Modify our assumption for 1.9% growth rate, use 4% annual case count growth
    - We are finalizing our models and will have revised building sizing and costs shortly

13. Revise the proposed project timeline to reflect a October 2013 shipping date
    - The project timeline presented in our proposal reflects shipping to stores commencing the first week of September. Consequently, we believe a start shipping date of October 2013 is quite doable. We would suggest updating the project timeline – and in fact establishing the actual project plan for this startup – in the coming weeks as we both commit to dates around contract execution and we gain absolute clarity on the permitting process for the build to suit

We look forward to speaking with you and you colleagues at 2:00.

Cheers,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Fred Takavitz (Exel US)
Sent: Friday, June 22, 2012 12:53 PM
To: Craig W. Bulkley
Cc: Steve Hess (EXEL US); Greg Foreman (EXEL US); Scott Lyons (EXEL CA)
Subject: Phone Meeting Next Week

Craig,
Thanks to you and others for the time spent with us in Concord yesterday. We would like to set up a call next week to answer the questions that were posed, but not sufficiently answered, in yesterday's meeting. Can you let us know when the NSHLC team would be available to meet with us on Monday, Tuesday or Wednesday next week?

We will be prepared respond to the following points and any other questions that the NSHLC team may have:

14. Real Estate, more specifics regarding our preferred site(s) and where we are in terms of securing a solution
15. Labeling, including how we plan to track different vintages and handle the labeling process. The suppliers cannot properly label cases
16. Systems integration, recognizing that the PA 'standard' is not desirable
17. Communication lines into the proposed facility
18. Review the Concept of Operations, 'what happens when a truck backs up to the receiving dock'? How do we plan to ship mixed pallets with different case sizes? Receiving product and getting inventory into the system; can take as long as 18 hours in the existing process.
19. Plan to handle customer pickups at the DC
20. Review productivity assumptions in the bottle pick area
21. Confirm our plans around inbound appointments
22. Clarity around what a driver is to do (and where he goes) when his trailer is being loaded or unloaded

23. Review the concept of 'free storage' for product that the State may procure. Could be as much as 35,000 cases
24. Review the requirement for rate guarantee in the first 30 months
25. Módify our assumption for 1.9% growth rate, use 4% annual case count growth
26. Revise the proposed project timeline to reflect a October 2013 shipping date

Have a great weekend, Craig.

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, July 03, 2012 12:08 PM
To: Craig W. Bulkley
Cc: Greg Foreman (EXEL US)
Subject: Template

Greg Foreman wanted me to check and make sure you received his second email this morning. The first one was sent in error. But he was not sure the second one arrived. Please let me know. I will forward it on if need be.

Enjoy the 4th of July holiday tomorrow!

Cheers,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

Craig W. Bulkley

From:	Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent:	Tuesday, July 03, 2012 12:50 PM
To:	Craig W. Bulkley
Subject:	RE: Template

Thanks.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, July 03, 2012 12:46 PM
To: Scott Lyons (EXEL CA)
Subject: RE: Template

received

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Tuesday, July 03, 2012 12:08 PM
To: Craig W. Bulkley
Cc: Greg Foreman (EXEL US)
Subject: Template

Greg Foreman wanted me to check and make sure you received his second email this morning. The first one was sent in error. But he was not sure the second one arrived. Please let me know. I will forward it on if need be.

Enjoy the 4th of July holiday tomorrow!

Cheers,

Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, July 05, 2012 11:35 PM
To: Craig W. Bulkley
Cc: Greg Foreman (EXEL US)
Subject: RE: Tentative Schedule

We will respond to the Commission's latest questions by Monday afternoon.

In the meantime, we would like to schedule our first opportunity to meet during the week of July 16th. Are there particular dates and times you are considering?

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, June 26, 2012 1:27 PM
To: Scott Lyons (EXEL CA)
Subject: Tentative Schedule

Scott:

Thank you for spending time with us last week. The Evaluation Committee is still in its initial phase. We wanted to let you know that our first opportunity to meet with you will be during the week of July 16th.

We expect to send you an email tomorrow that will require you to use numbers that we will provide to perform financial cost projections based on specific volumes and your proposed rates. I understand that this is a bit vague, but tomorrow's email will clarify things.

Please confirm receipt.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

CONFIDENTIALITY NOTICE

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Sunday, July 08, 2012 11:42 PM
To: Craig W. Bulkley; Greg Foreman (EXEL US)
Cc: George P. Tsiopras
Subject: RE: Questions Regarding Rate Calculation Template

1. Please confirm that you are bidding on the one-warehouse solution only as we did not notice any rates or costs for the two-warehouse solution.

   This is correct; we are bidding on a consolidated one-warehouse solution. It is our understanding that NHSLC asked us to consider a two warehouse option, but to only put it forward if it would be a lower cost alternative. Two warehouses are more expensive due to multiple touches, multiple infrastructure costs (buildings and systems), additional management staff, and higher inventory levels. We understand that the Commission may wish to keep its warehouse open, but it will be handling only products purchased by the NHSLC.

2. We noted there was no price in the Outbound Summary with regard to single-bottle processing. Does this mean that you do not intend to offer this service or does it mean you will offer this service at no cost to suppliers or the NHSLC?

   We intend to offer this service and built the cost of bottle picking into our costs structure. Per your request, we used the originally quoted rates to complete the analysis template. As we tried to note on our response, certain rates were not provided in the original proposal as our expectation is to work collaboratively with NHSLC to determine the appropriate revenue activity streams to be offered from a rate standpoint. If a bottle rate is deemed necessary and appropriate, the related costs would be carved out of the "Outbound" rate so that in totality the Exel budget remains same, i.e. the outbound rate will fall proportionally.

3. Currently, Outbound Processing charges are borne by the NHSLC. In your proposal, it appears that you are planning to charge suppliers (e.g. – automatic orders = $.96/case). Please confirm. Please confirm your intent to charge suppliers for this expense and not the NHSLC.

   It is our recommendation that all costs of operating the distribution system be borne by the suppliers.

4. Please confirm that the rates and costs provided are fixed for the first 30 months of the contract.

   We confirm that the rates and costs provided are fixed for the first 30 months of the contract.

   As we state in proposal and we try to explain in our answer to question 5 below the rates quoted are based on the volumes and profile presented in the RFP. As is only fair, should this information be found to have material errors we reserve the right to re-price our solution. This could result in lower cost per unit for the Commission! As an example, the higher volumes in the most recent template (as compared to the RFP figures), would result in a lower cost per unit. Please note that as per your request, we used the originally quoted rates to complete the analysis template.

5. Section 1.10.4 of the RFP describes the negotiation of rate changes at the end of each 30-month period using the CPI for this region as it relates to the warehousing activities of the vendor. This section also limits any increase to the CPI for the previous twelve months. Please confirm your acceptance of this provision.

   Beyond the proponent overly aggressively bidding or the provider poorly executing, there are three factors that can cause costs to change.

   - The first is cost inflation.

- The Commission included a mechanism to allow for adjustments to the rates due to cost inflation. This mechanism is acceptable to us though as we stated in our proposal we feel a transparent commercial structure is more optimal.

- The second is volume.
  - A fully variable rate structure that cannot be altered except for cost inflation as stated in section 1.10.4 requires accurate estimates of future growth. The reason is that the fixed costs of the operation do not vary with volume. If the actual volumes are less than estimated volumes there is less revenue to cover the fixed costs and the proponent is facing poor returns and potentially losses. Vic versa, the provider receives a windfall in the form of higher than expected profitability.
  - As this is a 20 year contract these estimates must be accurate across a 20 year time horizon. Changes in volume are outside of our control. Though not completely controlled by the Commission, the NHSLC does have influence over volumes. In any event, we believe you are in a better position to forecast volumes than the provider. Though, in its answer to question 127 on May 1 the NHSLC stated "It is impossible to project growth over the next twenty years". Faced with this provision, proponents will attempt to err on the side of under estimating growth thus leading to higher costs for the Commission.
  - A fixed / variable rate structure would resolve this issue. Under this commercial structure fixed costs, for example lease costs, do not vary regardless of the volume. The variable portion of the price also does not vary on a per unit basis, but the variable cost will rise or fall as volume rises or falls. As the fixed costs and the price per unit are set the Commission is protected against the a proponents overly aggressive bidding or poor execution.

- The third is the profile of the work.
  - Again, the fully variable rate structure that cannot be altered except for cost inflation as stated in section 1.10.4 requires that the profile of the work will not change Many of the work profile issues can be handled through the pricing structure presented to suppliers. For example, longer storage attracts higher per unit rates, or smaller supplier shipments receive a higher per unit rate,... But, many of the work profile issues are controlled by the Commission for example, if NHSLC makes the decision to increase the frequency of deliveries to the stores the order sizes would drop and hurt the productivities in the warehouse. Thus, in effect this clause means the NHSLC is committing that it will not alter how it does business for the next 20 years. We don't feel this is a reasonable expectation. The Commission will have to make changes. With this provision in place, typically what happens is that changes that positively impact a proponents profitability are readily accepted, and changes that negatively impact their profitability are naturally resisted. Certainly the proponent will not suggest opportunities that increase the warehouse costs but lower the total costs to the Commission. Again, the net result is higher costs for the NHSLC.
  - It is our recommendation that a mechanism be put in place that allows either the proponent or the commission to review rates based on changes in the profile of the work. This can only be done under a transparent commercial structure where the provider shares its results, and the proponents expenses are auditable

Our goal is to set up a commercial structure that facilitates five objectives.

- One, protect the NHSLC against increased costs from a proponent's overly aggressive bidding or poor execution.
- Two, provide the Commission flexibility and control to address changing business conditions across the 20 years of the contract.
- Three, ensure the provider does not receive windfalls from factors outside of its control such as volume variances or profile changes.
- Four, encourage the provider to work collaboratively to maximize the NHSLC's net income.
- Five, provide the proponent and the Commission an opportunity to address volumes and profile changes.

Let me apologize for this long answer, but it is not an obvious question. Our experience shows that clauses like section 1.10.4 are not in the best interest of our customers. Thus, we cannot confirm our acceptance of the provision. We believe our transparent commercial structure best achieves the five goals listed above. It also facilitates the development of a long term strategic relationship with the Commission much like we enjoy with most of our current customers including Walmart and the Alberta Gaming and Liquor Commission.

Our transparent commercial structure is more complex, and there are a number of variations that we can incorporate to best meet the Commission's unique circumstances. We would respectively ask for an in person meeting to dialogue about our transparent commercial model and it nuances. Further, we believe it would be advantageous to host the evaluation committee in Alberta to tour the operation we run on behalf of the Alberta Gaming and Liquor Commission. This would be a good opportunity for you to discuss the transparent commercial model with the Alberta Gaming and Liquor Commission and obtain an agnostic opinion of its value.

Sincerely,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Thursday, July 05, 2012 2:59 PM
To: Scott Lyons (EXEL CA); Greg Foreman (EXEL US)
Cc: George P. Tsiopras
Subject: Questions Regarding Rate Calculation Template

Scott/Greg:

Thank you for your final submission of the rate calculation template. Below are several questions regarding your template numbers:

6. Please confirm that you are bidding on the one-warehouse solution only as we did not notice any rates or costs for the two-warehouse solution.
7. We noted there was no price in the Outbound Summary with regard to single-bottle processing. Does this mean that you do not intend to offer this service or does it mean you will offer this service at no cost to suppliers or the NHSLC?
8. Currently, Outbound Processing charges are borne by the NHSLC. In your proposal, it appears that you are planning to charge suppliers (e.g. – automatic orders = $.96/case). Please confirm. Please confirm your intent to charge suppliers for this expense and not the NHSLC.
9. Please confirm that the rates and costs provided are fixed for the first 30 months of the contract.
10. Section 1.10.4 of the RFP describes the negotiation of rate changes at the end of each 30-month period using the CPI for this region as it relates to the warehousing activities of the vendor. This section also limits any increase to the CPI for the previous twelve months. Please confirm your acceptance of this provision.

Please provide your response to me **with a cc to George Tsiopras** no later than Monday, 7/9 at 4:00 PM. Thank you.

Craig W. Bulkley

Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Sunday, July 08, 2012 11:47 PM
To: Craig W. Bulkley
Cc: Greg Foreman (EXEL US); George P. Tsiopras
Subject: RE: Proposal Presentation

Thank-you.

We would like to confirm our attendance at this presentation on the 24th of July. We wish to ask if a morning timeslot might be possible . If not will attend the time of 1:30 – 3:30 pm (EST). Please let us know if this might be an option.

Sincerely,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, July 06, 2012 9:08 AM
To: Scott Lyons (EXEL CA)
Cc: Greg Foreman (EXEL US); George P. Tsiopras
Subject: Proposal Presentation

Scott:

We are scheduling time during the week of July 23rd for an opportunity for your team to present any additional information to the Evaluation Committee. Please be prepared to discuss the specifics of your proposal as well as to discuss the most recent rate template information. The committee may have additional questions at this time.

We would like your Exel team to join us on Tuesday, July 24th from 1:30 – 3:30 PM (EDT) at our headquarters at 50 Storrs Street, Concord. Please acknowledge and confirm your attendance, and **please copy George Tsiopras** when you email me. Thank you.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

responsible for delivering the e-mail to the intended recipient, be advised that you have received this e-mail in error and that any use, dissemination, forwarding, printing, or copying of this e-mail is strictly prohibited and may be subject to criminal prosecution. If you have received this e-mail in error, please destroy and immediately notify me by telephone at (603)230-7008.

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, July 05, 2012 11:35 PM
To: Craig W. Bulkley
Cc: Greg Foreman (EXEL US)
Subject: RE: Tentative Schedule

We will respond to the Commission's latest questions by Monday afternoon.

In the meantime, we would like to schedule our first opportunity to meet during the week of July 16th. Are there particular dates and times you are considering?

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416[redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, June 26, 2012 1:27 PM
To: Scott Lyons (EXEL CA)
Subject: Tentative Schedule

Scott:

Thank you for spending time with us last week. The Evaluation Committee is still in its initial phase. We wanted to let you know that our first opportunity to meet with you will be during the week of July 16th.

We expect to send you an email tomorrow that will require you to use numbers that we will provide to perform financial cost projections based on specific volumes and your proposed rates. I understand that this is a bit vague, but tomorrow's email will clarify things.

Please confirm receipt.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

CONFIDENTIALITY NOTICE

This e-mail and any files transmitted with it are confidential and are intended solely for the use of the individual or entity to whom they are addressed. This communication may contain material protected by law. If you are not the intended recipient or the person responsible for delivering the e-mail to the intended recipient, be advised that you have received this e-mail in error and that any use, dissemination, forwarding, printing, or copying of this e-mail is strictly prohibited and may be subject to criminal prosecution. If you have received this e-mail in error, please destroy and immediately notify me by telephone at (603)230-7008.

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, July 17, 2012 2:22 PM
To: Craig W. Bulkley
Cc: George P. Tsiopras; Greg Foreman (EXEL US)
Subject: July 24th Presentation Proposed Agenda

I wanted to reach out to you with a proposed list of topics to cover in our meeting next week. This is our suggested list, and I want to ensure that we are covering off the issues that are important to the evaluation committee. Please feel free to suggest changes, or particular questions you wish covered.

- Opportunity for New Hampshire
  An explanation of our understanding of what the NHSLC is attempting to achieve with this RFP and to a certain extent more broadly.
- Exel as a Strategic Resource
  The experience and capabilities that Exel will bring forward to this opportunity
- Strong Fit Between Our Organizations
  The fit we see between the NHSLC's needs and our capabilities, and how this strong fit between our organizations has the potential to develop into a long term strategic relationship
- Solution in detail
  - Discussion of our transparent commercial model
  - Concept of operations
  - Facility design (including real estate options)
  - Mechanization review
  - Concept of systems
- Next Steps

In terms of attendees we wish to bring the following folks, but wanted to ensure this was acceptable to the evaluation committee. This is an important pursuit for us and we want to ensure we have the key individuals in the room to answer any of the committees questions.

- Jim Gehr, President
- Fred Takavitz, Senior Vice President, Business Development
- Scott Lyons, Senior Director, Business Development
- Greg Foreman, Vice President of Operations
- Robert Maclellan, Director of Operations
- Steve Hess, Senior Director RE Development
- Robert Rujevcan, Director Finance Retail Americas
- Gurjeet Singh, Senior Integrated Logistics Design Engineer
- Sally Miller, VP, Retail IT or Steve Turchan, IT Program Manager

Thanks,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, July 20, 2012 3:24 PM
To: Craig W. Bulkley; George P. Tsiopras
Cc: Greg Foreman (EXEL US)
Subject: RE: Proposal Presentation

Will all these folks be at our site tour on Monday?

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Monday, July 16, 2012 2:59 PM
To: Scott Lyons (EXEL CA); George P. Tsiopras
Cc: Greg Foreman (EXEL US)
Subject: RE: Proposal Presentation

Scott:

Our Warehouse RFP Evaluation Committee will be present:

- George Tsiopras
- John Bunnell
- Peter Hastings
- Craig Bulkley

The committee's legal counsel, Steve Judge, will also be present.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Monday, July 16, 2012 12:44 PM
To: George P. Tsiopras; Craig W. Bulkley
Cc: Greg Foreman (EXEL US)
Subject: RE: Proposal Presentation

That is fine. We will take the afternoon timeslot.

Can you please confirm the attendees from the Commission for me. I assume the following, but at there others?

- Craig Bulkley
- George Tsiopras
- John Bunnell
- Stephen Judge

Thanks and we look forward to see you again
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: George P. Tsiopras [mailto:george.tsiopras@liquor.state.nh.us]
Sent: Monday, July 09, 2012 4:08 PM
To: Scott Lyons (EXEL CA); Craig W. Bulkley
Cc: Greg Foreman (EXEL US)
Subject: RE: Proposal Presentation

Sorry Scott the morning timeslot is not available.

George P. Tsiopras
Chief Financial Officer
New Hampshire State Liquor Commission
50 Storrs Street, Concord NH 03301
Tel: 603.230.7017 Fax: 603.271.3897

**Please note: My email has changed to
george.tsiopras@liquor.state.nh.us

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Sunday, July 08, 2012 11:47 PM
To: Craig W. Bulkley
Cc: Greg Foreman (EXEL US); George P. Tsiopras
Subject: RE: Proposal Presentation

Thank-you.

We would like to confirm our attendance at this presentation on the 24th of July. We wish to ask if a morning timeslot might be possible . If not will attend the time of 1:30 – 3:30 pm (EST). Please let us know if this might be an option.

Sincerely,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, July 06, 2012 9:08 AM
To: Scott Lyons (EXEL CA)
Cc: Greg Foreman (EXEL US); George P. Tsiopras
Subject: Proposal Presentation

Scott:

We are scheduling time during the week of July 23rd for an opportunity for your team to present any additional information to the Evaluation Committee. Please be prepared to discuss the specifics of your proposal as well as to discuss the most recent rate template information. The committee may have additional questions at this time.

We would like your Exel team to join us on Tuesday, July 24th from 1:30 – 3:30 PM (EDT) at our headquarters at 50 Storrs Street, Concord. Please acknowledge and confirm your attendance, and **please copy George Tsiopras** when you email me. Thank you.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, July 05, 2012 11:35 PM
To: Craig W. Bulkley
Cc: Greg Foreman (EXEL US)
Subject: RE: Tentative Schedule

We will respond to the Commission's latest questions by Monday afternoon.

In the meantime, we would like to schedule our first opportunity to meet during the week of July 16th. Are there particular dates and times you are considering?

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, June 26, 2012 1:27 PM
To: Scott Lyons (EXEL CA)
Subject: Tentative Schedule

Scott:

Thank you for spending time with us last week. The Evaluation Committee is still in its initial phase. We wanted to let you know that our first opportunity to meet with you will be during the week of July 16th.

We expect to send you an email tomorrow that will require you to use numbers that we will provide to perform financial cost projections based on specific volumes and your proposed rates. I understand that this is a bit vague, but tomorrow's email will clarify things.

Please confirm receipt.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, July 20, 2012 7:41 AM
To: Craig W. Bulkley
Cc: George P. Tsiopras; Steve Hess (EXEL US); Fred Takavitz (Exel US)
Subject: RE: Exel Financial Analysis Confirmation

What we suggest is meeting at your store situated on Hwy 3A adjacent the Plourde Sand and Gravel Company. The store is within ½ mile of our site, and is accessible from both I-93 and Hwy 3A, located on the north bound side of 3A.

We will meet you there at 1:30 and then travel in tandem to the site.

Please confirm this plan works for you and your group.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Thursday, July 19, 2012 1:09 PM
To: Scott Lyons (EXEL CA)
Subject: RE: Exel Financial Analysis Confirmation

Scott – we will try to get back to you by COB tomorrow on your suggested agenda.

Are you making any progress on a site visit for Monday PM? This site visit does not have to be anything other than one person who can explain your intentions and plans, so don't overthink it.

Thanks.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, July 20, 2012 9:51 AM
To: Craig W. Bulkley
Cc: George P. Tsiopras; Greg Foreman (EXEL US)
Subject: Presentation for Tuesday

For some of our presentation on Tuesday we will want to use a projector to display on a screen. Will the room have a screen? Is there a projector we can use? We will bring our own projector in any event as back-up.

Thanks,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, July 20, 2012 11:51 AM
To: Craig W. Bulkley
Cc: George P. Tsiopras; Greg Foreman (EXEL US)
Subject: RE: Exel Financial Analysis Confirmation

The Book5 Excel spreadsheet is correct in terms reformatting the costs provided for the rate calculation template.

As requested and as we noted in our response for the rate calculation template exercise we utilized the costs per units provided in our response against the volumes of work provided in the template.

The volumes and profile elements provided in the rate calculation template are different than those provided in the RFP. For example

- Volumes across the first 30 months are up 14% versus 2012. No growth assumption was provided in the RFP
- The inbound mix of pallets versus slip sheets versus cases changed considerably between the two data sets
- Bottle pick volumes fell considerably (63%) between the original RFP data and what was in the rate calculation template
- The peak storage level provided was 818,000 units in the RFP, and in the rate calculation template the value provided is 998,000 units in storage. Some but not all of this increase is related to the higher growth

At a high level we re-ran our models with the rate calculation template assumptions and believe our cost per unit will drop. At what point in this process will the profile and volume elements be finalized and the vendors requested to provide an updated budget?

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Thursday, July 19, 2012 12:00 PM
To: Scott Lyons (EXEL CA)
Cc: George P. Tsiopras
Subject: Exel Financial Analysis Confirmation

Scott:

I have attached a financial analysis in Excel which will be the foundation for parts of our discussion on Tuesday afternoon. Please review the attached document, confirm that the numbers are correct, and provide me with any questions or comments by Noon on Friday, July 20th.

Please copy George on your response. Thanks.

Craig W. Bulkley

Director
Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
✉ cbulkley@liquor.state.nh.us

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Monday, July 23, 2012 2:56 PM
To: Stephen J. Judge
Subject: Re: Agenda

Got it.

Thanks,

Scott Lyons

Telephone: 905 366-7691
Mobile: 416[redacted]

www.exel.com

From: Stephen J. Judge [mailto:stephen.j.judge@liquor.state.nh.us]
Sent: Tuesday, July 24, 2012 02:49 AM
To: Scott Lyons (EXEL CA)
Subject: FW: Agenda

Scott,

I copied your email address from the agenda you sent to Craig. When I pasted it, the S and the L got capitalized, perhaps that threw it off. A different vendor acknowledged receipt to a different email that I had to send three times. Now that I look back, I see that one of the undeliverable notices was for you.
Let me know if you get this one.
Steve

****

Stephen J. Judge
AG Legal Consultant for NHS Liquor Commission
Wadleigh, Starr & Peters, PLLC
95 Market Street
Manchester, New Hampshire 03101
Tel: 603-669-4140
Fax: 603-669-6018
Web: www.wadleighlaw.com
E-mail: sjudge@wadleighlaw.com
E-mail: stephen.j.judge@liquor.state.nh.us

Please do not print this email unless necessary

From: Stephen J. Judge
Sent: Friday, July 20, 2012 3:55 PM
To: 'Scott Lyons (EXEL CA) '
Cc: Craig W. Bulkley
Subject: Agenda

Scott,

Craig is out of the office today and he asked me to respond to your email regarding the agenda. Please Reply to All and Craig will pick up the thread on Monday.
You may bring all the people you have listed in your email. You may bring additional people or substitute individuals. The only restriction is the size of the room. It has 18 chairs and could hold a few more. There will be 5 of us. I went to law school to avoid having to do math, you can figure it out.
In terms of your agenda, you can skip to Solution in Detail. We will be interested in whether the spreadsheet is correct and whether there are any variables that will change the rates. We will also be interested in whether you can have an appropriate facility up and running in time. Are there any terms in the RFP and proposed contract to which you have taken an exception and why?
I am sure there will be specific substantive questions.

Steve

****
Stephen J. Judge
AG Legal Consultant for NHS Liquor Commission
Wadleigh, Starr & Peters, PLLC
95 Market Street
Manchester, New Hampshire 03101
Tel: 603-669-4140
Fax: 603-669-6018
Web: www.wadleighlaw.com
E-mail: sjudge@wadleighlaw.com
E-mail: stephen.j.judge@liquor.state.nh.us

Craig W. Bulkley

From:	Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent:	Thursday, July 26, 2012 9:03 AM
To:	Craig W. Bulkley
Cc:	George P. Tsiopras; Maria Tzagournis (EXEL US); Fred Takavitz (Exel US); Greg Foreman (EXEL US)
Subject:	Insurance questions

In our discussions on Tuesday a number of insurance questions came up.

It is my experience that the insurance industry has its own vocabulary and I have had good success in resolving insurance questions by putting together our insurance experts with our client's insurance experts. I spoke with Stephen after the meeting, and suggested that such a meeting would quickly clear up any of the insurance questions. He said that it might be a good idea.

Would it be acceptable for me to set up such a conversation through Stephen?

Thanks,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, July 27, 2012 12:09 PM
To: Craig W. Bulkley
Cc: George P. Tsiopras; Greg Foreman (EXEL US); Fred Takavitz (Exel US); Steve Hess (EXEL US)
Subject: Purchase and sale agreement
Attachments: Real Estate Purchase Agreement (00019984).DOC

Hi Craig,

Please treat this confidentially.

We wanted to forward you this copy of the purchase agreement for the site we visited earlier this week. We delivered it to the owner yesterday to begin negotiations.

We will keep you apprised of our progress in securing this site.

Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

REAL ESTATE PURCHASE AGREEMENT

[redacted]

00019984-1

[redacted]

00019984-1

[redacted]

00019984-1

[redacted]

00019984-1

[redacted]

00019984-1

[redacted]

00019984-1

[redacted]

00019984-1

[redacted]

00019984-1

[redacted]

00019984-1

00019984-1

[redacted]

00019984-1

[redacted]

00019984-1

[redacted]

00019984-1

[redacted]

00019984-1

[redacted]

00019984-1

EXHIBIT A
PROPERTY DESCRIPTION

00019984-1

EXHIBIT "B"
ESCROW AGREEMENT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("Agreement") is made and entered into this ___ day of ___________, _____ by and between _____________________, a(n) ________________________("Seller"), and ________________________, a(n)____________________________ ("Buyer").

BACKGROUND INFORMATION

A. On ______________, _____, Seller and Buyer entered into a certain Purchase Agreement ("Purchase Agreement"), whereby Seller agreed to sell and Buyer agreed to purchase a certain ___ acre parcel of real property in ____________________, _____________.

B. Pursuant to Section ____ of the Purchase Agreement, Buyer agreed to deposit the sum of ____________ Dollars ($________) with an escrow agent.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Background Information and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to escrow the following sum on the terms and conditions hereinafter set forth:

1. **Appointment of Escrow Agent.** _________________________, with an address of ____, _______________________________, ________ ("Escrow Agent"), is hereby appointed Escrow Agent and is hereby authorized and empowered to effectuate this Agreement on the terms and conditions set forth herein. By acceptance hereof, Escrow Agent agrees to said appointment and agrees to perform the obligations of the Escrow Agent in accordance herewith.

2. **Deposit of Escrow Funds**. Buyer has simultaneously herewith deposited with said Escrow Agent the sum of_______________________________Dollars ($________) (said amount, together with accrued interest thereon, shall hereinafter be referred to as the "Escrow Funds"). Escrow Agent shall promptly deposit said sum in a separate money market account at a national banking association or other financial institution acceptable to Buyer and Seller.

3. **Disposition of Escrow Funds**. Escrow Agent shall hold the Escrow Funds as aforesaid until such time as any one of the following shall have occurred:

(a) Escrow Agent shall have received, on or before ________________, _____, either (1) written instructions executed by Buyer which (i) state that the Contingencies (as defined in the Purchase Agreement) have not been satisfied or waived, (ii) certifies that the notice of failure to satisfy or waive the Contingencies provided for in Section _____ of the Purchase Agreement has been given by Buyer to Seller on or prior to the date of such instructions and (iii) have attached thereto a copy of such notice of failure to satisfy or waive the Contingencies; in such event, the Escrow Agent shall promptly thereafter disburse the Escrow

Funds to Buyer, less One Hundred Dollars ($100.00) which shall be paid to Seller as consideration for execution of the Purchase Agreement; or

(b) Escrow Agent shall have received written instructions executed by both Buyer and Seller directing Escrow Agent (i) to whom the Escrow Funds are to be disbursed, (ii) the manner and all pertinent instructions pursuant to which the Escrow Funds are to be disbursed and (iii) when the Escrow Funds are to be disbursed (such written instructions shall hereinafter be referred to as "Joint Instructions"); in such event, Escrow Agent shall disburse the Escrow Funds as directed by the Joint Instructions; or

(c) Escrow Agent shall have received written instructions executed by either Buyer or Seller (the "Requesting Party"), pursuant to which such Requesting Party asserts that it is entitled under the Purchase Agreement to receive the Escrow Funds and pursuant to which the information set forth in subparagraph (a) above is provided to Escrow Agent (such written instructions shall hereinafter be referred to as the "Unilateral Instructions"); in such event, the following shall apply:

(i) Escrow Agent shall, within three (3) business days after receipt of such Unilateral Instructions, give written notice to the other party hereto (the "Other Party") that Escrow Agent has received such Unilateral Instructions from the Requesting Party and that Escrow Agent will disburse the Escrow Funds in accordance therewith unless, within ten (10) business days following the date of Escrow Agent's notice, said Other Party gives written notice to Escrow Agent that (A) said Other Party disagrees with the Requesting Party's assertion that it is entitled under the Purchase Agreement to receive the Escrow Funds, (B) states the reason(s) for such disagreement and (C) objects to disbursement of the Escrow Funds by Escrow Agent in accordance with the Unilateral Instructions.

(ii) In the event that Escrow Agent does not receive any such written objection to disbursement of the Escrow Funds in accordance with the Unilateral Instructions from the Other Party within ten (10) business days following the date of the Escrow Agent's notice to the Other Party, Escrow Agent shall disburse the Escrow Funds as directed by the Unilateral Instructions.

(iii) In the event that Escrow Agent does receive such written objection to disbursement of the Escrow Funds in accordance with the Unilateral Instructions from the Other Party within ten (10) business days following the date of Escrow Agent's notice to the Other Party, Escrow Agent shall continue to hold the Escrow Funds hereunder until such time as (A) it receives Joint Instructions pertaining to disposition of the Escrow Funds, (B) it is ordered to make specific disposition of the Escrow Funds by a court of competent jurisdiction or (C) it deposits the Escrow Fund with a proper court as provided in Paragraph 5 hereof.

Disbursement of the Escrow Funds by Escrow Agent as hereinabove provided will result in the termination of the terms and conditions of this Agreement.

4. **Indemnification of Escrow Agent**. Buyer and Seller hereby agree that in consideration for the services to be performed by Escrow Agent, Escrow Agent shall not be held liable for misfeasance or

nonfeasance. Further, Buyer and Seller agree to indemnify and save harmless Escrow Agent against all liabilities, claims, losses, damages, expenses, suits and actions whatsoever which might be brought against Escrow Agent arising out of said escrow unless such actions or failure to act arise out of gross negligence, willful misconduct and/or fraud of Escrow Agent.

5. **Interpleader**.

(a) Buyer and Seller specifically agree that Escrow Agent is not obligated to disburse the Escrow Funds except as provided in Paragraph 3 hereof. If any question exists as to the disposition of the Escrow Funds, Escrow Agent may demand from Buyer and Seller Joint Instructions as to the disposition of such fund. If no such Joint Instructions are received by Escrow Agent within fifteen (15) business days of such demand, Escrow Agent may, at its sole discretion, either continue to hold the Escrow Fund hereunder, without liability to any party for so doing, or act in accordance with the following subparagraph (b).

(b) If, after request therefor, as provided in the foregoing subparagraph 5(a), Escrow Agent does not timely receive Joint Instructions pertaining to the disposition of the Escrow Fund, Escrow Agent may, by written notice to Buyer and Seller demand that Buyer and Seller enter binding arbitration or litigation to determine to whom the Escrow Fund should be delivered. Alternatively, Escrow Agent may file suit in interpleader in the proper court for the purpose of having the respective rights of Buyer and Seller adjudicated. Escrow Agent, upon initiation of such suit, may deposit with the court the Escrow Fund and upon giving notice thereof to Buyer and Seller, Escrow Agent shall be fully released and discharged from all further obligations hereunder with respect to the Escrow Fund.

(c) Buyer and Seller agree to pay to Escrow Agent, in equal shares, all reasonable costs and reasonable attorney's fees incurred by Escrow Agent in connection with this Agreement, including but not limited to, those incurred in the resolution of disputes over the Escrow Funds or incurred in connection with any said interpleader action.

6. **Miscellaneous**.

(a) Buyer's Federal Tax Identification Number is _______________. The account in which the Escrow Funds are deposited shall be opened using the Tax Identification Number of Buyer. All accrued interest shall be a part of the Escrow Fund and shall be disbursed to the party(ies) as provided herein.

(b) The paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(c) This Agreement shall be construed, interpreted, and governed by the law of the State of Texas without reference to conflict of law principles. The parties agree that any dispute arising under this Agreement and any lawsuit involving this Agreement to which the Escrow Agent is a party shall be heard only by a court of competent jurisdiction in Harris County, Texas. The parties waive any right to object to venue in Harris County, Texas for any reason whatsoever, including, but not limited to, forum non conveniens, lack of personal jurisdiction, or improper venue.

(d) This Agreement is binding upon and shall inure to the benefit of the respective parties hereto, and their respective heirs, legal representatives, successors and assigns.

(e) For purposes hereof, a "business day" shall mean a day of the year, other than (i) a Saturday; (ii) a Sunday; or (iii) any day upon which national banks in the State of Texas are required or authorized by law to remain closed.

(f) Any notices required hereunder shall be in writing, shall be transmitted by registered or certified mail, postage prepaid, return receipt requested. Notice shall be deemed given when so deposited in the United States Postal Service, addressed to the parties as set forth below:

If intended for Seller, to:

____

____

____

ATTN: ________________________

If intended for Buyer, to:

____

____

____

ATTN: ________________________

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

SELLER:	BUYER:
________________________,	________________________,
a(n) ____________________	a(n) ____________________
BY: ____________________	BY: ____________________
ITS: ____________________	ITS: ____________________
Date: ____________________	Date: ____________________

The undersigned accepts the appointment as Escrow Agent under the foregoing Agreement and agrees to undertake and perform the obligations imposed upon Escrow Agent thereunder. The undersigned further acknowledges receipt of the aforesaid Escrow Funds and a copy of the Purchase Agreement referred to therein.

Executed this ___ day of ________________, ____.

ESCROW AGENT:

00019984-1

BY: ______________________

00019984-1

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, July 27, 2012 12:18 PM
To: Craig W. Bulkley
Cc: George P. Tsiopras; Maria Tzagournis (EXEL US); Fred Takavitz (Exel US); Greg Foreman (EXEL US)
Subject: RE: Insurance questions

Our risk subject matter expert is traveling back from brazil today. It will be Monday before we are able to brief them, and we will send their information over at that time.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Thursday, July 26, 2012 10:28 AM
To: Scott Lyons (EXEL CA)
Cc: George P. Tsiopras; Maria Tzagournis (EXEL US); Fred Takavitz (Exel US); Greg Foreman (EXEL US)
Subject: RE: Insurance questions

Scott:

Please give us the contact information for your insurance expert and we will have our insurance expert contact that person. Thanks.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, July 26, 2012 9:03 AM
To: Craig W. Bulkley
Cc: George P. Tsiopras; Maria Tzagournis (EXEL US); Fred Takavitz (Exel US); Greg Foreman (EXEL US)
Subject: Insurance questions

In our discussions on Tuesday a number of insurance questions came up.

It is my experience that the insurance industry has its own vocabulary and I have had good success in resolving insurance questions by putting together our insurance experts with our client's insurance experts. I spoke with Stephen after the meeting, and suggested that such a meeting would quickly clear up any of the insurance questions. He said that it might be a good idea.

Would it be acceptable for me to set up such a conversation through Stephen?

Thanks,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Monday, July 30, 2012 3:12 PM
To: Stephen J. Judge
Subject: Re: BAFO Exel

I got it!

Scott Lyons

Telephone: 905 366-7691
Mobile: 416[redacted]

www.exel.com

From: Stephen J. Judge [mailto:stephen.j.judge@liquor.state.nh.us]
Sent: Tuesday, July 31, 2012 03:03 AM
To: Scott Lyons (EXEL CA)
Subject: FW: BAFO Exel

Scott, Please acknowledge receipt of my email.

From: Stephen J. Judge
Sent: Monday, July 30, 2012 2:54 PM
To: 'scott.lyons@exel.com'
Subject: BAFO Exel

Dear Scott

Craig is unavailable and asked me to set out the process for this week. The NHSLC Commissioners have selected you to participate in the Best and Final Offer (BAFO) phase of the RFP. The Evaluation Committee is authorized to enter into pre-selection discussions. RFP Section 4.7 a. 1. p. 36.
This phase will begin with a written request. This request may be the only opportunity to improve your proposal. You may revise your proposal as a result of this request. RFP page 36.
The written request will be an email from Craig. The current plan is to send out the email by cob tomorrow with your response due by noon on Friday.

Steve

Stephen J. Judge

AG Legal Consultant for NHS Liquor Commission
Wadleigh, Starr & Peters, PLLC
95 Market Street
Manchester, New Hampshire 03101
Tel: 603-669-4140
Fax: 603-669-6018
Web: www.wadleighlaw.com
E-mail: sjudge@wadleighlaw.com
E-mail: stephen.j.judge@liquor.state.nh.us

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Monday, July 30, 2012 3:12 PM
To: Stephen J. Judge
Subject: Re: BAFO Exel

Wonderful news. We look forward to responding.

Cheers,

Scott Lyons

Telephone: 905 366-7691
Mobile: 416[redacted]

www.exel.com

From: Stephen J. Judge [mailto:stephen.j.judge@liquor.state.nh.us]
Sent: Tuesday, July 31, 2012 02:54 AM
To: Scott Lyons (EXEL CA)
Subject: BAFO Exel

Dear Scott

Craig is unavailable and asked me to set out the process for this week. The NHSLC Commissioners have selected you to participate in the Best and Final Offer (BAFO) phase of the RFP. The Evaluation Committee is authorized to enter into pre-selection discussions. RFP Section 4.7 a. 1. p. 36.
This phase will begin with a written request. This request may be the only opportunity to improve your proposal. You may revise your proposal as a result of this request. RFP page 36.
The written request will be an email from Craig. The current plan is to send out the email by cob tomorrow with your response due by noon on Friday.

Steve

Stephen J. Judge
AG Legal Consultant for NHS Liquor Commission
Wadleigh, Starr & Peters, PLLC
95 Market Street
Manchester, New Hampshire 03101
Tel: 603-669-4140
Fax: 603-669-6018

Web: www.wadleighlaw.com
E-mail: sjudge@wadleighlaw.com
E-mail: stephen.j.judge@liquor.state.nh.us

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, July 31, 2012 7:16 AM
To: Craig W. Bulkley
Cc: George P. Tsiopras; Maria Tzagournis (EXEL US); Fred Takavitz (Exel US); Greg Foreman (EXEL US); Kathleen Davies (DHL US)
Subject: RE: Insurance questions

Kathleen Davies, Vice President, Insurance and Risk Management is our key person to discuss the insurance questions.

She can be reached at 614.865.8596. Her email address is Kathleen.Davies@dhl.com.

Please have your insurance expert contact her. They can organize a time to discuss the contract terms. Kathleen will work to include Maria Tzagournis and myself on the call if possible. We will just be listening, but since Maria and I have responsibility to manage any recommended changes to the contract language our participation on the call will facilitate the contracting process.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Thursday, July 26, 2012 10:28 AM
To: Scott Lyons (EXEL CA)
Cc: George P. Tsiopras; Maria Tzagournis (EXEL US); Fred Takavitz (Exel US); Greg Foreman (EXEL US)
Subject: RE: Insurance questions

Scott:

Please give us the contact information for your insurance expert and we will have our insurance expert contact that person. Thanks.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

responsible for delivering the e-mail to the intended recipient, be advised that you have received this e-mail in error and that any use, dissemination, forwarding, printing, or copying of this e-mail is strictly prohibited and may be subject to criminal prosecution. If you have received this e-mail in error, please destroy and immediately notify me by telephone at (603)230-7008.

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, July 26, 2012 9:03 AM
To: Craig W. Bulkley
Cc: George P. Tsiopras; Maria Tzagournis (EXEL US); Fred Takavitz (Exel US); Greg Foreman (EXEL US)
Subject: Insurance questions

In our discussions on Tuesday a number of insurance questions came up.

It is my experience that the insurance industry has its own vocabulary and I have had good success in resolving insurance questions by putting together our insurance experts with our client's insurance experts. I spoke with Stephen after the meeting, and suggested that such a meeting would quickly clear up any of the insurance questions. He said that it might be a good idea.

Would it be acceptable for me to set up such a conversation through Stephen?

Thanks,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

Craig W. Bulkley

From:	Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent:	Tuesday, July 31, 2012 9:11 AM
To:	Craig W. Bulkley
Cc:	George P. Tsiopras; Greg Foreman (EXEL US); Fred Takavitz (Exel US); Maria Tzagournis (EXEL US)
Subject:	Draft Agreement
Attachments:	Appendix E updated for Exhibit C Jul 31, 2012.docx

I know we are getting ahead of ourselves, but in order to hit the August 10th contract execution timeframe we need to get started on the contract discussions.

As a first step, we attempted to merge together Appendix E and its Exhibit C into one document. This would be the base document from which we would recommend any changes – which will be few.

Can you have Steve confirm that we completed this task correctly. I redlined all the changes made in merging the Appendix and the Exhibit. If he could just accept them or make corrections and send us back the document in its final form that would be quite helpful.

Thanks,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

APPENDIX E
GENERAL STANDARDS AND REQUIREMENTS
AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATIONS.

1.1 State Agency Name New Hampshire State Liquor Commission		1.2 State Agency Address P.O. Box 503, 50 Storrs St., Concord, NH 03302-0503	
1.3 Contractor Name		1.4 Contractor Address	
1.5 Contractor Phone Number	1.6 Account Number	1.7 Completion Date	1.8 Price Limitation
1.9 Contracting Officer for State Agency George P Tsiopras, CFO		1.10 State Agency Telephone Number 603-230-7010	
1.11 Contractor Signature		1.12 Name & Title of Contractor Signatory	
1.13 Acknowledgment: State of__________, County of __________ On, __________, before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace (Seal)			
1.13.2 Name and Title of Notary Public or Justice of the Peace			
1.14 State Agency Signature		1.15 Name/Title of State Agency Signatory Joseph W Mollica. Chairman Mark M. Bodi, Commissioner Michael R. Milligan, Commissioner	
1.16 ~~Approval by the N.H. Department of Administration, Division of Personnel (if applicable)~~ ~~By: Director, On:~~			
1.17 Approval by Attorney General (Form, Substance, and Execution) By: On:			
1.18 ~~Approval by Governor and Council~~ By On			

Formatted: Indent: Left: 0.08", Space Before: 1.4 pt, Tab stops: 0.46", Left + Not at 3.78"

Formatted: Indent: Left: 0.08", Space Before: 1.4 pt, Tab stops: 0.46", Left + Not at 3.81"

2. **EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED.** The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. **EFFECTIVE DATE/ COMPLETION OF SERVICES.**

3.1. Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the New Hampshire State Liquor Commission, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Attorney General approves this Agreement as to form, substance and execution ("Effective Date"). ~~Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement, ("Effective Date")~~

3.2. If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contrector, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Sercives by the Completion Date specified in block 1.7.

3.3 If a new contractor is not selected to provide the Services by the Completion Date specified in Block 1.7 of the Form P-37 (General Provisions) (the "Completion Date"), the Agreement may be extended up to an additional six (6) months from the Completion Date (the "Transition Period") provided that:

3.3.1.1 NHSLC provides Contractor a minimum of six (6) months written notice prior to the Completion Date of the State's request to extend the Agreement for a transition period, specifying the definitive and exact period of the Transition Period which shall not exceed six (6) months;

3.3.1.2 The parties reach mutual agreement on the rates that will apply to the Services during the Transition Period; and

3.3.1.3 During any such Transition Period, Contractor shall not be required to purchase or maintain any bonding, and the State shall have no rights to any Contractor bonds.

3.3.1.4 If a new Contractor is selected and the parties agree to extending the agreement for the Transition Period as described above, Contractor will provide NHSLC with reasonable assistance to transition services to a new contractor during the Transition Period such as the transfer of NHSLC product to the warehouse of the new contractor, provided that all costs and expenses incurred by Contractor and any costs and expenses associated with any such transition services shall be borne by NHSLC or the new contractor. NHSLC shall determine in its reasonable discretion the timing of any such transfer of product which shall occur within normal working hours of Contractor, unless otherwise agreed by Contractor. Net overages and shortages by Supplier shall be used to determine any financial obligation between Contractor and the supplier. Net shortages will be paid to each Supplier at the Supplier's cost upon invoicing by each Supplier. NHSLC will require the new contractor to reasonably cooperate and work with Contractor, including, but not limited to, performing cycle counts as necessary to verify any discrepancies.

4. STATE FUNDING.

4.1. In the event the State has insufficient funds available to itself make continued payments under the Agreement for any Services for which the State is responsible for payment, including but not limited to, Services that carry fees to the State such as bottle picking and handling of NHSLC product, the State will immediately:

4.1.1. Fully exercise all authority to transfer funds within NHSLC's budget and any other funds available to NHSLC, including without limitation, NHSLC's authority to transfer funds under N.H. RSA 176:16, V and any revolving accounts or funds; and

4.1.2. Use best efforts and in good faith seek the necessary funding from the General Court and other governmental authorities to fulfill its obligation to make continued payments under the Agreement; and,

4.1.3 The State must immediately provide Contractor with written notice of any such funding shortfall.

4.2. Contractor may cease providing Services to the State for which the State cannot or fails to make payment, and will not be obligated to resume provision of Services to the State if funding for continued payments under the Agreement is not obtained, including without limitation, funding for any arrearages.

4.3 Notwithstanding the foregoing or any provision of this Agreement to the contrary, the Agreement will remain in effect for the full term of the Agreement, and any extensions thereof, and Contractor may continue to provide Services to others such as Licensees, Suppliers, and Vendors.

~~4. CONDITIONAL NATURE OF AGREEMENT. Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor~~

~~notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.~~

5. CONTRACT PRICE/PRICE LIMITATION/ PAYMENT.

5.1. The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.

5.2. Except as otherwise provided herein or as otherwise agreed by NHSLC, rates shall not change until the Completion Date. ~~The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services The State shall have no liability to the Contractor other than the contract price.~~

5.3. The State reserves the right to offset from any amounts otherwise payable to the Contactor under this Agreement those liquidated amounts required or permitted by N.H RSA 80.7 through RSA 80.7-c or any other provision of law.

~~5.4. Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payment authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.~~

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/EQUAL EMPLOYMENT OPPORTUNITY.

6.1. In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws In addition, the Contractor shall comply with all applicable copyright laws.

6.2. During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action as required by applicable law to prevent such discrimination.

6.3. If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplement by the regulations of the United State Department of Labor (41 C F.R. Part 60), and with any rules, regulation and guidelines as the State New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. **PERSONNEL.**

7.1. The Contractor shall at its own expense provide all personnel necessary to perform the Services The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws

7.2. Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1 7, the Contractor shall not hire, and shall not permit any subcontractor or other persons, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement

7.3. The Contracting Officer specified in block 1 9, or his or her sucessor, shall be the State'c representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State. Notwithstanding the foregoing or any provision of the Agreement to the contrary, Contractor retains the right to pursue any of its remedies, both at law and in equity.

8. **EVENT OF DEFAULT/REMEDIES.**

Either party may terminate the Agreement and pursue its remedies at law and in equity for the material breach of the Agreement by the other party, provided that the injured party has given the other party prior written notice of such material breach, and there has been a failure to cure such material breach within thirty (30) business days after receipt of such notice by the other party provided, however, in the event of a material breach of the Agreement which necessitates the State to obtain temporary substitute warehouse services, the notice requirement shall be no less than twenty-four (24) hours.~~8.1. Any one or more of the following acts or ommissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):~~

~~8.1.1. failure to perform the Services satisfactorily or on schedule;~~

~~8.1.2. failure to submit any report required hereunder; and/or~~

~~8.1.3. failure to perform any other covenant, term or condition of this Agreement.~~

~~8.2. Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:~~

~~8.2.1. give the contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absense of a greater or lesser specification of time, thirty (30) days from the date of the notice, and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;~~

~~8.2.2. give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;~~

~~8.2.3. set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or~~

~~8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both~~

9. **DATA/ACCESS/CONFIDENTIALITY/PRESEVATION.**

9.1. As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulea, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda papers, and documents, all whether finished or unfinished.

9.2. All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon terminaiton of this Agreement for any reason .

9.3 Confidentiality of data shall be governed by N.H RSA chapter 91-A or other existing law Disclosure of data requires prior written approval of the State.

~~10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in the attached EXHIBIT A.~~

11. CONTRACTOR'S RELATION TO THE STATE. In the performance of this Agreement the Contractor is in all respects and independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. **ASSIGNMENT/DELEGATION/SUBCONTRACTS.** The contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the New Hampshire State Liquor Commission~~N.H. Department of Administrative Services~~. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. **INDEMNIFICATION.** The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. **INSURANCE.**

14.1. The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1. Comprehensive general liability insurance with the State named as an additional insured against all claims of bodily injury, death or property damage in amounts of not less than $250,00 per claim and $2,000,000 per occurrence; and

Paragraph 14.1.2 fire and extended coverage insurance for 100% of acquisition cost of any and all liquor and wine products owned by the NHSLC up to a total of two million dollars ($2,000,000).~~14.1.2. fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.~~

14.1.3 Contractor shall have and maintain for all premises used to provide services to NHSLC pursuant to this Agreement an all risks insurance policy which shall provide 100 % acquisition cost coverage of any and all liquor and wine products owned by the NHSLC up to a total of two million dollars ($2,000,000). Policies shall name the NHSLC as a loss payee. A certificate of insurance demonstrating compliance with the requirements of this Paragraph 14 shall be provided to NHSLC prior to execution of the Agreement.

14.1.4 Performance Bond. Upon final approval of this Agreement, Contractor shall provide to NHSLC in form satisfactory to NHSLC, a performance bond in the amount of One Million Dollars ($1,000,000.00), which shall be retained by the NHSLC until the Completion Date.

14.1.5 The Contractor Warehouse shall be fully bonded and registered with the State of New Hampshire as a public warehouse to the extent required by applicable state law. A copy of such registration shall be provided to NHSLC upon request.

14.1.6 Contractor shall maintain a warehouse license to the extent required by applicable law.

14.2. The policies described in subparagraph 14 1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance and issued by insurers licensed in the State of New Hampshire.

14.3. The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under the Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1 9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1 9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modified of the policy

15. WORKER'S COMPENSATION.

15.1. By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance, with or exempt from, the requirements of N.H. RSA chapter 281-A *("Workers' Compensation")*

15.2. To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer indentified in block 1 9, or his or her successor, proof of Workers' Compensation in the manner described in N H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement

16. WAIVER OF BREACH No failure by the State or Contractor to enforce any provisions herof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default;, or any subsequent Event of Default. No express
failure to enforce any Event of Default shall be deemed a waiver of the right of the State or Contractor to enforce each and all of
the provisions hereof upon any further or other Event of Default~~ on the part of the Contractor~~.

17. NOTICE Any notice by a party hereto to the pther party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1 2 and 1 4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an intrument in writing signed by the parties hereto~~ and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire~~

19. CONSTRUCTION OF AGREEMENT AND TERMS. This agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein be reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

25 Contract Protest Process

The Issuing Officer, or his or her successor, shall be the NHSLC's representative.

Prior to the filing of any formal proceedings with respect to a dispute (other than an action seeking injunctive relief with respect to intellectual property rights), the party believing itself aggrieved (the "Invoking Party") shall call for progressive management involvement in the dispute negotiation by written notice to the other party. Such notice shall be without prejudice to the Invoking Party's right to any other remedy permitted by this Agreement.

The parties shall use all reasonable efforts to arrange personal meetings and/or telephone conferences as needed, at mutually convenient times and places, between negotiators for the parties at the following successive management levels, each of which shall have a period of allotted time as specified below in which to attempt to resolve the dispute;

Dispute Resolution Responsibility and Schedule Table

LEVEL	CONTRACTOR	THE NHSLC	CUMULATIVE ALLOTED TIME
Primary	Name	Director	5 Business Days

	Title	Division of Marketing, Merchandising & Warehousing	
Second	Name Title	NHSLC Chairman	15 Business Days

The allotted time for the first level negotiations shall begin on the date the Invoking Party's notice is received by the other party. Subsequent allotted time is days from the date that the original Invoking Party's notice is received by the other party.

The decision of the Chairman shall be final for the State.

26. Contract Transition Period

If this contract expires or is terminated before a Vendor is selected and prepared to provide Warehouse services to the NHSLC, Contractor agrees to continue the services described under the current contract for up to 6 months at the prices to be negotiated by the parties.

Contractor also agrees, at the discretion of the NHSLC, to assist the NHSLC in all transition services including, but not limited to the following:

Before transition can begin, the new Vendor must meet all the specifications of the future RFP in actuality and/or demonstrate the ability, using dummy transactions provided by the NHSLC, to interface with the NHSLC's computer and business systems on a magnitude consistent with actual conditions.

All costs associated with the transfer of Product and control from the existing Warehouse (s) ("old") to the Warehouse of the successful Vendor ("new"), including, but not limited to, shipping, handling and transportation, shall be borne by the NHSLC or the defaulted Contractor as provided in Paragraph 8. In an effort to avoid charging the NHSLC or Suppliers duplicate storage fees, storage charges for transferred Product shall not accrue until the first day of the month following the transfer.

The NHSLC, in conjunction with both "old" and "new" Warehouses, shall establish a deadline for the transfer of all Product to the "new" Warehouse. The NHSLC will, if possible, select a period during a time of slow sales (such as January-March) and schedule as short a period as is practical for the transfer of all Product from the "old" to the "new" Warehouse. Notification of the deadline will be given within a reasonable period, to be arranged with the Vendor and existing Contractor at award.

The NHSLC shall determine when Product is to be transferred. At no time during transfer shall the same brand code be distributed from more than one Warehouse.

As Product is depleted or transferred from the "old" Warehouse, Product overs and shorts shall be reconciled to determine a net financial obligation between the NHSLC, the "old" Warehouse and the "new" Warehouse. The NHSLC shall observe and audit the transfer proceedings. Overages will be transferred to the "new" Warehouse as normal inventory or to the Product Vendor if the code is no longer a bailment item. Shortages shall be resolved between the Warehouse and the Product Vendor, or NHSLC if the Product is owned by the NHSLC.

27 Assignment Provision

Contractor hereby agrees that it will assign all causes of action that it may acquire under the antitrust laws of the State of New Hampshire and the United States as a result of conspiracies, combinations, or contracts in restraint of trade which affect the price of goods or services obtained by the NHSLC under this contract if so requested by the State of New Hampshire.

28 News Releases

After award and final approval, the Vendor may make public the existence of the contract and the business relationship with the NHSLC. All other information must be approved by the NHSLC before it is made public, such approval not to be unreasonably withheld.

29 Confidentiality/Sensitive Information

Contractor may have access to confidential/sensitive information in the course of performing its obligations under the contract, and may be required to sign a mutually agreed upon confidentiality agreement.

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, July 31, 2012 2:31 PM
To: Craig W. Bulkley
Cc: Stephen J. Judge; Judge, Steve; Kathleen Davies (DHL US); Maria Tzagournis (EXEL US); Fred Takavitz (Exel US)
Subject: RE: Exel Conference call: Insurance

I sent out the meeting invitation with the call in number and password. Here they are as well: 877.777.1345 or 617.614.3333 / Passcode 65064697 (you will need to press 1 to tell the system you wish to join the conference, enter the passcode and then press # after the passcode for the system to recognize it)

Also, please forward the invite to Rebecca as I do not have her email address or send me her email address and I will add her to the invite list.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, July 31, 2012 2:12 PM
To: Scott Lyons (EXEL CA)
Cc: Stephen J. Judge; Judge, Steve
Subject: FW: Exel Conference call: Insurance

Scott:

As you can see below, we are expecting to conduct a conference call regarding insurance issues on Thursday, 8/2 at 1 PM. Since folks at our end will be at different locations, can you set up a conference call with a toll-free number and password so we can all access? Thanks.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

CONFIDENTIALITY NOTICE

From: Stephen J. Judge
Sent: Tuesday, July 31, 2012 1:32 PM
To: Craig W. Bulkley
Subject: Exel Conference call: Insurance

Thursday at 1PM our time. Rebecca White and I will participate. You are welcome to join us. Can you let Scott know and get him to provide the contact info.

Stephen J. Judge
AG Legal Consultant for NHS Liquor Commission
Wadleigh, Starr & Peters, PLLC
95 Market Street
Manchester, New Hampshire 03101
Tel: 603-669-4140
Fax: 603-669-6018
Web: www.wadleighlaw.com
E-mail: sjudge@wadleighlaw.com
E-mail: stephen.j.judge@liquor.state.nh.us

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, July 31, 2012 3:09 PM
To: Stephen J. Judge
Subject: Re: Exel Conference call: Insurance

Great.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416[redacted]

www.exel.com

From: Stephen J. Judge [mailto:stephen.j.judge@liquor.state.nh.us]
Sent: Wednesday, August 01, 2012 02:57 AM
To: Scott Lyons (EXEL CA)
Subject: RE: Exel Conference call: Insurance

Rebecca has the contact number.

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Tuesday, July 31, 2012 2:31 PM
To: Craig W. Bulkley
Cc: Stephen J. Judge; Judge, Steve; Kathleen Davies (DHL US); Maria Tzagournis (EXEL US); Fred Takavitz (Exel US)
Subject: RE: Exel Conference call: Insurance

I sent out the meeting invitation with the call in number and password. Here they are as well: 877.777.1345 or 617.614.3333 / Passcode 65064697 (you will need to press 1 to tell the system you wish to join the conference, enter the passcode and then press # after the passcode for the system to recognize it)

Also, please forward the invite to Rebecca as I do not have her email address or send me her email address and I will add her to the invite list.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, July 31, 2012 2:12 PM
To: Scott Lyons (EXEL CA)
Cc: Stephen J. Judge; Judge, Steve
Subject: FW: Exel Conference call: Insurance

Scott:

As you can see below, we are expecting to conduct a conference call regarding insurance issues on Thursday, 8/2 at 1 PM. Since folks at our end will be at different locations, can you set up a conference call with a toll-free number and password so we can all access? Thanks.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

From: Stephen J. Judge
Sent: Tuesday, July 31, 2012 1:32 PM
To: Craig W. Bulkley
Subject: Exel Conference call: Insurance

Thursday at 1PM our time. Rebecca White and I will participate. You are welcome to join us. Can you let Scott know and get him to provide the contact info.

Stephen J. Judge
AG Legal Consultant for NHS Liquor Commission
Wadleigh, Starr & Peters, PLLC
95 Market Street
Manchester, New Hampshire 03101
Tel: 603-669-4140
Fax: 603-669-6018
Web: www.wadleighlaw.com
E-mail: sjudge@wadleighlaw.com
E-mail: stephen.j.judge@liquor.state.nh.us

Please do not print this email unless necessary

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Wednesday, August 01, 2012 9:23 AM
To: Craig W. Bulkley
Subject: RE: Best & Final Offer

We received your email.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, July 31, 2012 3:43 PM
To: Scott Lyons (EXEL CA)
Subject: Best & Final Offer

Dear Scott:

As you were previously informed, the NHSLC Commissioners have selected you to participate in the Best and Final Offer (BAFO) phase of the RFP. The Evaluation Committee is authorized to enter into pre-selection discussions (RFP Section 4.7 a. 1. p. 36). This phase will begin with a written request. **This request may be the only opportunity to improve your proposal.** You may revise your proposal as a result of this request (RFP page 36).

We must receive written answers by **Friday, August 3, 2012**.

You are encouraged to review your entire proposal and improve it to the advantage of the State. There are several areas on which we are specifically focused in order to identify the Proposal that is the most advantageous to the State of New Hampshire.

I. Financial

This issue is highlighted in the Vendor pricing and Innovation Criterion, an area valued at 40 points. The desired end result is that Product will be available in a timely manner and in the necessary amount at every state store and for every Licensee. RFP p. 34. It is also a portion of the Vendor Overall Solution criterion in the requirement that the solution be, among other things, cost effective.

Using the template reviewed at your Phase II presentation, please provide your lowest possible rates.

Please confirm that those rates will not change for the first 30 months of the contract.

If possible, please submit an alternative rate structure that provides for rates over the entire twenty-year contract.

Please confirm that the twenty-year rates will not change.

II. Transition

This issue is highlighted in the Vendor Experience & Qualifications/Transition Criterion, an area valued at 20 points. It is also a portion of the Vendor Overall Solution in the requirement that the Vendor demonstrate suitable financial strength, stability and capacity to undertake a sophisticated and capital intensive Warehouse operation with a very high degree of performance and in a timely manner.

Please confirm that the facility in your proposal and the solution for providing all services required by the RFP will be fully operational on or before October 31, 2013.

Please confirm the identity of those individuals who will be located in New Hampshire during the construction of or transition to the proposed facility (Appendix C, III, p. 43).

If you have constructed or transitioned to a facility similar to the facility in your proposal please identify the project and provide contact information for your client (Appendix C, II, page 43 of the RFP).

The RFP requires a separate transition bond to cover any and all costs related to the transition. (RFP Section, 1.9, p. 10 as clarified by the April 18, 2012 clarificatiions).

Please confirm that you will provide a transition bond for completion of all necessary items to make the facility fully operational on or before October 31, 2013.

The amount of the bond will be discussed with any Vendor that is selected for contract negotiations.

III Contract performance bond

A contract performance bond is required by Section 1.9, page 11 of the RFP. $1,000,000 was provided as an example of the amount of the contract performance bond. The amount of the bond will be discussed with any vendor that is selected for contract negotiations.

IV. Final Contract

The General Criterion provides for a review of whether the Vendor's exceptions to the RFP are acceptable to the NHSLC. Section 1.19 provides for cancellation of selection for contract award based on a failure to reach agreement on contractual terms, etc. The NHSLC wants to move as quickly as possible to contract award. To that end, a rather full description of the final contract is set out below. The current short-term warehouse services contract is attached to this email. Because it is a short-term contract, the State agreed to certain terms that it may not agree to in a long-term contract. The point is that the fewer exceptions that have been taken to either the RFP or the standard state contract, the more quickly a final document can be executed.

The Standard State Contract is contained in Exhibit E of the RFP. It is more frequently identified as Form P-37 and we will refer to it as such throughout this item but it is the same document that is contained in RFP Exhibit E. The P-37 cannot be changed on its face. At the end of this process, a P-37 will be signed by the parties. It will contain Exhibits A-F.

If you look at Paragraph 2 of the P-37, you will see that Exhibit A is required to contain a particular description of the work to be performed by the Vendor. Exhibit A will incorporate by reference the RFP and the Proposal. The fewer exceptions taken to the RFP, the easier it will be to craft Exhibit A. Paragraph 5 of the P-37 requires Exhibit B to describe the method of payment and terms of payment. It will incorporate the template that best suits the needs of the NHSLC. [This template will be contained in Exhibit F.]

Paragraph 22 of the P-37 allows changes to the P-37 if they are set forth in Exhibit C. That is why Appendix E in the RFP is modified by Exhibit C. Perhaps our effort to be consistent with the final product has caused more confusion than clarity.
Other documents required by the RFP will be part of the contract such as certificates of insurance, the transition bond, the performance bond, a certificate of vote, a certificate of good standing, and a warehouse license.
Exhibit D will be the RFP with all amendments and clarifications.
Exhibit E will be the winning proposal.
Exhibit F will be the price template.

Even if you have done so before, please identify and explain every exception that you intend to take.

V Performance of contract

Any Vendor selected for contract discussions will be required to submit to a standard background check performed by Liberty Screening Services, LTD. A sample form is attached. The background check will be performed for all the individuals who will participate in the transition phase as well as the first 30 months of operation. It will also be performed for parent organizations, if you are a new entity.

Please confirm that you and your employees will submit to the background check

Appendix C, III. P. 43 of the RFP requested the physical location of each person during the time they will be working on the project.

Please confirm the identity of the persons who will be located in New Hampshire to run the proposed facility for the first 30 months.

The Vendor is required to identify a redundant warehouse site in the event of natural or man-made disasters (RFP APP C XIII, P.48)

Please identify your redundant warehouse site.

If you have any questions regarding this email, please contact me. Thank you.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, August 02, 2012 11:04 AM
To: Craig W. Bulkley
Subject: Question regarding Vintages

Hi Craig,

Can the NHSLC answer the following question regarding Vintages for us. We are following up on a question raised in our presentation.

"Can the NHSLC tell us if each vintage (year of production) is currently tracked as a separate SKU? If so, are these SKU's included in the approx. 10,000 SKU's in the data supplied? If not, can you tell us how many SKU's have multiple vintages associated with a single SKU and the total number of vintages across those SKU's."

Thanks,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, August 02, 2012 11:09 AM
To: Craig W. Bulkley
Subject: Question regarding ordering products

Hi Craig,

One further question to assist us with our B&FO.

We just want to confirm that the state place orders with suppliers for product and as such has the ability to manage the risk of too much inventory on hand. This would be in comparison to a vendor managed inventory model where the Product Suppliers determine the level of inventory.

Thanks,
Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, August 02, 2012 1:47 PM
To: Craig W. Bulkley
Subject: RE: Best & Final Offer

Can you confirm the time the Best & Final Offer is due.

Steve's note indicated noon.

This note seems to suggest end of business.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, July 31, 2012 3:43 PM
To: Scott Lyons (EXEL CA)
Subject: Best & Final Offer

Dear Scott:

As you were previously informed, the NHSLC Commissioners have selected you to participate in the Best and Final Offer (BAFO) phase of the RFP. The Evaluation Committee is authorized to enter into pre-selection discussions (RFP Section 4.7 a. 1. p. 36). This phase will begin with a written request. **This request may be the only opportunity to improve your proposal.** You may revise your proposal as a result of this request (RFP page 36).

We must receive written answers by **Friday, August 3, 2012**.

You are encouraged to review your entire proposal and improve it to the advantage of the State. There are several areas on which we are specifically focused in order to identify the Proposal that is the most advantageous to the State of New Hampshire.

I. Financial

This issue is highlighted in the Vendor pricing and Innovation Criterion, an area valued at 40 points. The desired end result is that Product will be available in a timely manner and in the necessary amount at every state store and for every Licensee. RFP p. 34. It is also a portion of the Vendor Overall Solution criterion in the requirement that the solution be, among other things, cost effective.

Using the template reviewed at your Phase II presentation, please provide your lowest possible rates.

Please confirm that those rates will not change for the first 30 months of the contract.

If possible, please submit an alternative rate structure that provides for rates over the entire twenty-year contract.

Please confirm that the twenty-year rates will not change.

II. Transition

This issue is highlighted in the Vendor Experience & Qualifications/Transition Criterion, an area valued at 20 points. It is also a portion of the Vendor Overall Solution in the requirement that the Vendor demonstrate suitable financial strength, stability and capacity to undertake a sophisticated and capital intensive Warehouse operation with a very high degree of performance and in a timely manner.

Please confirm that the facility in your proposal and the solution for providing all services required by the RFP will be fully operational on or before October 31, 2013.

Please confirm the identity of those individuals who will be located in New Hampshire during the construction of or transition to the proposed facility (Appendix C, III, p. 43).

If you have constructed or transitioned to a facility similar to the facility in your proposal please identify the project and provide contact information for your client (Appendix C, II, page 43 of the RFP).

The RFP requires a separate transition bond to cover any and all costs related to the transition. (RFP Section, 1.9, p. 10 as clarified by the April 18, 2012 clarificatiions).

Please confirm that you will provide a transition bond for completion of all necessary items to make the facility fully operational on or before October 31, 2013.

The amount of the bond will be discussed with any Vendor that is selected for contract negotiations.

III Contract performance bond

A contract performance bond is required by Section 1.9, page 11 of the RFP. $1,000,000 was provided as an example of the amount of the contract performance bond. The amount of the bond will be discussed with any vendor that is selected for contract negotiations.

IV. Final Contract

The General Criterion provides for a review of whether the Vendor's exceptions to the RFP are acceptable to the NHSLC. Section 1.19 provides for cancellation of selection for contract award based on a failure to reach agreement on contractual terms, etc. The NHSLC wants to move as quickly as possible to contract award. To that end, a rather full description of the final contract is set out below. The current short-term warehouse services contract is attached to this email. Because it is a short-term contract, the State agreed to certain terms that it may not agree to in a long-term contract. The point is that the fewer exceptions that have been taken to either the RFP or the standard state contract, the more quickly a final document can be executed.

The Standard State Contract is contained in Exhibit E of the RFP. It is more frequently identified as Form P-37 and we will refer to it as such throughout this item but it is the same document that is contained in RFP Exhibit E. The P-37 cannot be changed on its face. At the end of this process, a P-37 will be signed by the parties. It will contain Exhibits A-F.
If you look at Paragraph 2 of the P-37, you will see that Exhibit A is required to contain a particular description of the work to be performed by the Vendor. Exhibit A will incorporate by reference the RFP and the Proposal. The fewer exceptions taken to the RFP, the easier it will be to craft Exhibit A.

Paragraph 5 of the P-37 requires Exhibit B to describe the method of payment and terms of payment. It will incorporate the template that best suits the needs of the NHSLC. [This template will be contained in Exhibit F.]
Paragraph 22 of the P-37 allows changes to the P-37 if they are set forth in Exhibit C. That is why Appendix E in the RFP is modified by Exhibit C. Perhaps our effort to be consistent with the final product has caused more confusion than clarity.
Other documents required by the RFP will be part of the contract such as certificates of insurance, the transition bond, the performance bond, a certificate of vote, a certificate of good standing, and a warehouse license.
Exhibit D will be the RFP with all amendments and clarifications.
Exhibit E will be the winning proposal.
Exhibit F will be the price template.

Even if you have done so before, please identify and explain every exception that you intend to take.

V Performance of contract

Any Vendor selected for contract discussions will be required to submit to a standard background check performed by Liberty Screening Services, LTD. A sample form is attached. The background check will be performed for all the individuals who will participate in the transition phase as well as the first 30 months of operation. It will also be performed for parent organizations, if you are a new entity.

Please confirm that you and your employees will submit to the background check

Appendix C, III. P. 43 of the RFP requested the physical location of each person during the time they will be working on the project.

Please confirm the identity of the persons who will be located in New Hampshire to run the proposed facility for the first 30 months.

The Vendor is required to identify a redundant warehouse site in the event of natural or man-made disasters (RFP APP C XIII, P.48)

Please identify your redundant warehouse site.

If you have any questions regarding this email, please contact me. Thank you.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

CONFIDENTIALITY NOTICE

This e-mail and any files transmitted with it are confidential and are intended solely for the use of the individual or entity to whom they are addressed. This communication may contain material protected by law. If you are not the intended recipient or the person responsible for delivering the e-mail to the intended recipient, be advised that you have received this e-mail in error and that any use, dissemination, forwarding, printing, or copying of this e-mail is strictly prohibited and may be subject to criminal prosecution. If you have received this e-mail in error, please destroy and immediately notify me by telephone at (603)230-7008.

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, August 03, 2012 1:30 PM
To: Craig W. Bulkley
Subject: RE: Background Check

Thanks for the clarification.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, August 03, 2012 11:13 AM
To: Scott Lyons (EXEL CA)
Subject: Background Check

We have received a question from a Vendor regarding the background check requirement in the BAFO for employees of the warehouse vendor and the vendor's parent. A form was attached as an example. The form, on its face, applies to state employees. The form that will be used will be modified to require a reasonable background check. The request for confirmation in the BAFO is amended to read:

Please confirm that you and your employees will submit to a reasonable background check.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, August 03, 2012 3:10 PM
To: Craig W. Bulkley
Subject: RE: Questions Posed by Vendors

Received - Thanks

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 [redacted]

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, August 03, 2012 10:20 AM
To: Scott Lyons (EXEL CA)
Subject: Questions Posed by Vendors

In response to the BAFO, the following questions were posed yesterday and this morning by vendors:

Question #1:

Can the NHSLC tell us if each vintage (year of production) is currently tracked as a separate SKU? If so, are these SKUs included in the approx. 10,000 SKUs in the data supplied? If not, can you tell us how many SKU's have multiple vintages associated with a single SKU and the total number of vintages across those SKUs?

Answer:

Yes, however, the State only tracks the basic SKU/state code. There are approximately 300 SKUs that are tracked by the warehouse by SKU/vintage by adding a vintage identifier to the SKU. For example, SKU/state code 4800 may become 4800-2008. These are typically the high-priced wines.

Question #2:

Please confirm that the state places orders with suppliers for product and as such has the ability to manage the risk of too much inventory on hand. This would be in comparison to a vendor managed inventory model where the Product Suppliers determine the level of inventory.

Answer:

We can not confirm your statement. The NHSLC tracks the sale of product. At the end of the month, the NHSLC finalizes a report that is put online and available to the suppliers. The suppliers use the report to charge the NHSLC for the sale of product. It may also be used by the suppliers to calculate the amount of product which will be sent to the warehouse by the suppliers. Note that there is a legal requirement that a 30-day supply of each product be available in the warehouse. At Concord, the minimum is a case. At the new warehouse, which will be able to perform single-bottle picks, the minimum requirement for a very slow-moving product may be less than a case. Typically, the warehouse receives advanced notice of a shipment. Because of the bailment system, there is a disincentive for a supplier to send excess product to either warehouse.

Question #3:

The RFP references a bond of $1,000,000. As we finalize our best and final offer we are basing our financials on a realistic range of the bond around that figure. Last week Steve Judge referenced a $20,000,000 Bond......was this figure real or inflated?

Answer:

The $20 million number was chosen to drive home the point that the cost of failure is enormous. Your financials should be based on the $1 million bond. As we stated in the BAFO sent to you on July 31, 2012, the amount of the bond will be discussed with a Vendor(s) selected for contract negotiations.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbulkley@liquor.state.nh.us

Craig W. Bulkley

From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, August 03, 2012 4:07 PM
To: Craig W. Bulkley
Cc: George P. Tsiopras; Greg Foreman (EXEL US)
Subject: Exel's Best and Final Offer
Attachments: Robert MacLellan.doc; Becky Ross.doc; CREA - Our Team.12.pdf; John Flanagan.pptx; Laurie Parent Bio.docx; Michael Hecker Profile.docx; Mike Shea.doc; Norm Hollingsworth.doc; Paul Ledger.doc; Profile - Omer Rashid (Jul 2011).docx; Resume Marc Belanger.doc; NH BAFO Summary Final - Aug 3 2012.xlsx; Best and Final Offer to NHSLC for RFP 2012-14 Final Aug 3, 2012.docx

Attached please find a number of files.

The file titled Best and Final Offer to NHSLC for RFP 2012-14 Final Aug 3, 2012 provides the response to the questions posed in your email note.

The Exel file lists our rates referred to in our response.

The remaining word and power point slides are the Bios and resumes of our team members who will be delivering our solution if we are successful.

Thank-you for your consideration.

Scott Lyons

Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com

Resume

[redacted]

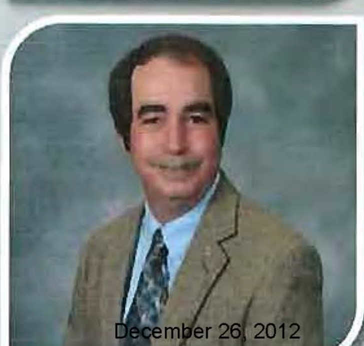
[redacted]

[redacted]

[redacted]

[redacted]

Our Team



[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

December 26, 2012

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

EXEL

Summary of RFP Proposal - 1st 30 months

		ONE WAREHOUSE APPENDIX-D Total Est Volume (1st 30 Months)	APPENDIX-D1 Total Est Volume (1st 30 Months)	CONTRACT RATES Jan 1, 2011 - October 31, 2013 SUPPLIER COSTS		NHSLC COSTS		EXEL SUPPLIER COSTS - APP D Proposed Contract Rates	Total Estimated Cost	NHSLC COSTS - APP D1 Proposed Contract Rates	Total Estimated Cost
INBOUND HANDLING SUMMARY:											
1 - 180 cases per code		6,123,248	40,000	1.40	8,572,544	1.40	56,000	0.19	1,163,417		
181 - 299 cases per code		1,596,321		1.20	1,915,185			0.19	303,871		
300 - 670 cases per code		3,204,562		1.05	3,364,790			0.19	606,867		
670+ cases per code		2,978,785		0.95	2,827,927			0.19	565,565		
Pallet Packs		4,910		7.60	37,319			7.40	36,337		
Cases uncoded or unsaleable		6,929		6.00	41,572			5.50	38,108		
Case Returns		4,635	50	5.00	22,677	6.00	250	-	-		
Pallet Returns		14		15.00	207		-	-	-		
Bottle Returns		389		1.00	392		-	-	-		
	TOTAL INBOUND HANDLING	13,920,074	40,050		$ 16,786,614		$ 56,250		$ 2,716,185		$
STORAGE SUMMARY:											
Cases 1 - 84 Days		50,450,604	12,000	0.11	5,549,566	0.11	1,320	0.09	4,640,554		
Cases 85 - 182 Days		8,116,185	11,000	0.29	2,353,694	0.29	3,190	0.25	2,029,046		
Cases 183 - 365 Days		2,906,996	12,000	0.80	2,325,597	0.80	9,600	0.65	1,889,548		
Cases 365+ Days		1,650,772		1.40	2,311,081	-	-	1.15	1,898,388		
Cases on Hold Status <365		558,686		0.80	446,950	-	-	0.65	363,147		
Cases on Hold Status >365		72,603		1.40	101,645	-	-	1.15	83,494		
Allocated products <84		66,904		0.11	7,359	-	-	0.09	6,021		
Allocated products>85		35,451		0.29	10,281	-	-	0.25	8,863		
Pallet Packs 1-84		19,587		5.00	97,933	-	-	4.25	83,245		
Pallet Packs 85-182		6,548		12.90	84,629	-	-	11.00	72,028		
Pallet Packs 183-365		3,515		36.00	126,552	-	-	30.00	105,450		
Pallet Packs 365+		2,101		63.00	132,359	-	-	52.00	109,248		
Pallets on Hold Status <365		1,136		36.00	40,894	-	-	30.00	34,078		
Pallets on Hold Status >365		14		63.00	868	-	-	52.00	717		
	TOTAL STORAGE	53,831,505	35,000		$ 13,594,408		$ 14,110		$ 11,228,235		$ -
OUTBOUND SUMMARY:											
Single Bottle		1,479,286	1,479,298		-	0.75	1,109,474	-	-		
Automatic Orders (Cases)		13,705,006	13,705,006		-	0.15	2,055,751	0.96	13,164,525		
Non-Automatic Orders (Cases)		82,853	82,853		-	0.25	15,663	1.01	83,315		
Automatic Orders (Cases) - out of state		85,440	-	0.75	64,087	-	-	0.96	82,079		
	TOTAL OUTBOUND:	15,353,108	15,246,957		$ 64,087		$ 3,180,888		$ 13,309,919		$ -
ACCESSORIAL SUMMARY:											
Advertising Material	HNDLG PER CASE - SMALL	132		1.00	132			0.74	98		
	HNDLG PER CASE - LARGE	477		2.50	1,192			1.94	925		
	STRG PER CASE - SMALL	132		1.00	132			0.50	66		
	STRG PER CASE - LARGE	477		4.50	2,146			3.50	1,669		
	REC STRG PER CASE - SMALL	132		1.00	132				-		
	REC STRG PER CASE - LARGE	6,413		4.50	28,856			-	-		
	NON-AUTO MIN UPCHARGE	85		30.00	2,564			15.00	1,282		
Blankets	HANDLING / BLANKET	1,152		37.75	43,506			24.75	28,524		
	STORAGE / BLANKET	1,916		8.50	15,284			6.50	12,455		
Extra Labor & Equipment	W/H LABOR - REG	910		46.20	42,035			34.65	31,528		
	W/H LABOR - OT	-		69.25				52.00	-		
	W/H MAN & EQUIP - REG	22		88.20	1,945			66.00	1,456		
	W/H MAN & EQUIP - OT	-		107.40				81.00	-		
	OFFICE - REG	11		46.20	510			34.65	382		
	OFFICE - OT	-		69.25				52.00	-		
Physical Inventory	Cases - SUPPLIERS	2,085,541		0.18	375,397			0.14	291,976		
	Bottle Charge	38,015		0.18	6,857			0.09	3,421		
	Case Charge - NHSLC	42,989	see column L	0.18	7,738			-	-		
Special Reports	PER REPORT/LIST	44		36.00	1,588			25.00	1,103		
Destruction	PER CASE (0 to 56)	3,816		5.00	19,079			3.80	14,500		
	PER CASE 56+	15,269		3.85	58,786			3.00	45,807		
Labeling	Cases (0 to 55)	27,861		3.10	86,368			2.50	69,652		
	Cases (56 to 99)	31,321		2.50	78,302			2.00	62,642		
	Cases (100 to 299)	56,480		1.55	87,544			1.25	70,600		
	Cases (300+)	47,064		0.90	42,358			0.75	35,298		
	Minimum (upcharge)	1,152		30.00	34,574			13.50	15,558		
Relabeling	Cases relabeled	46,353		1.75	81,093			1.00	46,338		
	Minimum (upcharge)	52		30.00	1,572			15.00	786		
Duplicate Labels	Duplicate labels	731		1.00	731			-	-		
Min Invoice Chg	Min Invoice Upcharge	185		30.00	5,542			-	-		
					$ 1,002,097		$ -		$ 735,066		$ -

		30 Month Rates BAFO Rates Suppliers		Savings / Net Income Potential B/(W) Than Jan 1, 2013 Rates		30 Year Rates BAFO Rates Suppliers 1-Nov-13	1-Nov-14	1-Nov-15
INBOUND HANDLING SUMMARY:								
1 - 180 cases per code		$ 1.09	$ 6,306,943	$ 0.37	$ 2,265,603	$ 1.40	$ 1.47	$ 1.54
181 - 299 cases per code		$ 1.09	$ 1,647,301	$ 0.17	$ 273,885	$ 1.03	$ 1.08	$ 1.14
300 - 670 cases per code		$ 1.03	$ 3,300,699	$ 0.02	$ 64,091	$ 1.03	$ 1.08	$ 1.14
670+ cases per code		$ 1.03	$ 3,066,064	$ (0.08)	$ (238,141)	$ 1.03	$ 1.08	$ 1.14
Pallet Packs		$ 10.00	$ 48,104	$ (2.40)	$ (11,785)	$ 10.00	$ 10.50	$ 11.03
Cases uncoded or unsaleable		$ 5.50	$ 38,108	$ 0.50	$ 3,464	$ 5.50	$ 5.78	$ 6.06
Case Returns		$ 4.50	$ 21,413	$ 0.50	$ 2,264	$ 4.50	$ 4.73	$ 4.96
Pallet Returns		$ 10.00	$ 138	$ 5.00	$ 69	$ 10.00	$ 10.50	$ 11.03
Bottle Returns		$ 1.00	$ 397	$ -	$ -	$ 1.00	$ 1.05	$ 1.10
	TOTAL INBOUND HANDLING		$ 14,420,167		$ 2,357,435			
STORAGE SUMMARY:								
Cases 1 - 84 Days		$ 0.100	$ 5,045,060	$ 0.01	$ 504,506	$ 0.100	$ 0.11	$ 0.11
Cases 85 - 182 Days		$ 0.280	$ 2,272,532	$ 0.01	$ 81,162	$ 0.280	$ 0.29	$ 0.31
Cases 183 - 365 Days		$ 0.70	$ 2,034,897	$ 0.10	$ 290,700	$ 0.70	$ 0.74	$ 0.77
Cases 365+ Days		$ 1.20	$ 1,980,926	$ 0.20	$ 330,154	$ 1.20	$ 1.26	$ 1.32
Cases on Hold Status <365		$ 0.70	$ 391,081	$ 0.10	$ 55,869	$ 0.70	$ 0.74	$ 0.77
Cases on Hold Status >365		$ 1.20	$ 87,124	$ 0.20	$ 14,522	$ 1.20	$ 1.26	$ 1.32
Allocated products <84		$ 0.100	$ 6,690	$ 0.01	$ 669	$ 0.100	$ 0.11	$ 0.11
Allocated products>85		$ 0.280	$ 9,926	$ 0.01	$ 355	$ 0.280	$ 0.29	$ 0.31
Pallet Packs 1-84		$ 4.25	$ 83,245	$ 0.75	$ 14,690	$ 4.25	$ 4.46	$ 4.69
Pallet Packs 85-182		$ 11.00	$ 72,028	$ 1.90	$ 23,392	$ 11.00	$ 11.55	$ 12.13
Pallet Packs 183-365		$ 30.00	$ 105,450	$ 6.00	$ 21,092	$ 30.00	$ 31.50	$ 33.08
Pallet Packs 365+		$ 52.00	$ 109,248	$ 11.00	$ 23,110	$ 52.00	$ 54.60	$ 57.33
Pallets on Hold Status <365		$ 30.00	$ 34,078	$ 6.00	$ 6,816	$ 30.00	$ 31.50	$ 33.08
Pallets on Hold Status >365		$ 52.00	$ 717	$ 11.00	$ 152	$ 52.00	$ 54.60	$ 57.33
	TOTAL STORAGE		$ 12,237,413		$ 1,356,996			
OUTBOUND SUMMARY:								
Single Bottle		$ -		$ 0.75	$ 1,109,473	$ -		
Automatic Orders (Cases)		$ -		$ 0.15	$ 2,055,751	$		
Non-Automatic Orders (Cases)		$ -		$ 0.25	$ 15,663	$ -		
Automatic Orders (Cases) - out of state		$ 1.00	$ 85,440	$ (0.25)	$ (21,362)	$ 1.00	$ 1.05	$ 1.10
	TOTAL OUTBOUND:		$ 85,440		$ 3,159,525			
ACCESSORIAL SUMMARY:								
Advertising Material	HNDLG PER CASE - SMALL	$ 0.74	$ 98	$ 0.26	$ 34	$ 0.74	$ 0.78	$ 0.82
	HNDLG PER CASE - LARGE	$ 1.94	$ 925	$ 0.56	$ 267	$ 1.94	$ 2.04	$ 2.14
	STRG PER CASE - SMALL	$ 0.50	$ 66	$ 0.50	$ 66	$ 0.50	$ 0.53	$ 0.55
	STRG PER CASE - LARGE	$ 3.50	$ 1,669	$ 1.00	$ 477	$ 3.50	$ 3.68	$ 3.86
	REC STRG PER CASE - SMALL	$ 0.50	$ 66	$ 0.50	$ 66	$ 0.50	$ 0.53	$ 0.55
	REC STRG PER CASE - LARGE	$ 3.50	$ 22,446	$ 1.00	$ 6,413	$ 3.50	$ 3.68	$ 3.86
	NON-AUTO MIN UPCHARGE	$ 15.00	$ 1,282	$ 15.00	$ 1,282	$ 15.00	$ 15.75	$ 16.54
Blankets	HANDLING / BLANKET	$ 24.75	$ 28,524	$ 13.00	$ 14,982	$ 24.75	$ 25.99	$ 27.29
	STORAGE / BLANKET	$ 6.50	$ 12,455	$ 2.00	$ 3,832	$ 6.50	$ 6.83	$ 7.17
Extra Labor & Equipment	W/H LABOR - REG	$ 34.65	$ 31,528	$ 11.55	$ 10,509	$ 34.65	$ 36.38	$ 38.20
	W/H LABOR - OT	$ 52.00	$ -	$ 17.25	$ -	$ 52.00	$ 54.60	$ 57.33
	W/H MAN & EQUIP - REG	$ 66.00	$ 1,456	$ 22.20	$ 490	$ 66.00	$ 69.30	$ 72.77
	W/H MAN & EQUIP - OT	$ 81.00	$ -	$ 26.40	$	$ 81.00	$ 85.05	$ 89.30
	OFFICE - REG	$ 34.65	$ 382	$ 11.55	$ 127	$ 34.65	$ 36.38	$ 38.20
	OFFICE - OT	$ 52.00	$ -	$ 17.25	$	$ 52.00	$ 54.60	$ 57.33
Physical Inventory	Cases - SUPPLIERS	$ 0.13	$ 263,444	$ 0.05	$ 111,953	$ 0.13	$ 0.13	$ 0.14
	Bottle Charge	$ 0.09	$ 3,421	$ 0.09	$ 3,436	$ 0.08	$ 0.09	$ 0.10
	Case Charge - NHSLC	$ 0.13	$ 5,589	$ 0.05	$ 2,149	$ 0.13	$ 0.14	$ 0.14
Special Reports	PER REPORT/LIST	$ 25.00	$ 1,103	$ 22.00	$ 486	$ 25.00	$ 26.25	$ 27.56
Destruction	PER CASE (0 to 56)	$ 3.80	$ 14,500	$ 1.20	$ 4,579	$ 3.80	$ 3.99	$ 4.19
	PER CASE 56+	$ 3.00	$ 45,807	$ 0.85	$ 12,979	$ 3.00	$ 3.15	$ 3.31
Labeling	Cases (0 to 55)	$ 2.50	$ 69,652	$ 0.60	$ 16,716	$ 2.50	$ 2.63	$ 2.76
	Cases (56 to 99)	$ 2.00	$ 62,642	$ 0.50	$ 15,660	$ 2.00	$ 2.10	$ 2.21
	Cases (100 to 299)	$ 1.25	$ 70,600	$ 0.30	$ 16,944	$ 1.25	$ 1.31	$ 1.38
	Cases (300+)	$ 0.75	$ 35,298	$ 0.15	$ 7,060	$ 0.75	$ 0.79	$ 0.83
	Minimum (upcharge)	$ 13.50	$ 15,558	$ 16.50	$ 19,016	$ 13.50	$ 14.18	$ 14.88
Relabeling	Cases relabeled	$ 1.00	$ 46,338	$ 0.75	$ 34,754	$ 1.00	$ 1.05	$ 1.10
	Minimum (upcharge)	$ 15.00	$ 786	$ 15.00	$ 786	$ 15.00	$ 15.75	$ 16.54
Duplicate Labels	Duplicate labels	$ 1.00	$ 731	$ -	$ -	$ 1.00	$ 1.05	$ 1.10
Min Invoice Chg	Min Invoice Upcharge	$ 15.00	$ 2,771	$ 15.00	$ 2,771	$ 15.00	$ 15.75	$ 16.54
			$ 739,157		$ 267,913			

	CONTRACT RATES	EXEL	30 Month Rates	Savings / Net Income Potential
SUPPLIER COSTS		-11%		
NHSLC COSTS		-100% / $ -		
		-19% / $ -		
Grand Total	$ 34,723,420	$ 27,990,405	$ 27,491,111	$ 7,161,847
Cost/Case	$ 2.01	$ 2.02	$ 1.81	$ 0.52
NHSLC				$ 3,180,848
Suppliers				$ 3,980,999
				$ 7,161,847

570 Polaris Parkway
Westerville, Ohio
43082
Telephone: 905 366-7691
Mobile: 416 417-2537
www.exel.com

August 3, 2012

Mr. Craig W. Bulkley
Director Division of Administration
NH State Liquor Commission
P.O. Box 503
Concord, NH, 03302-0503

VIA Email: cbulkley@liquor.state.nh.us

Reference: RFP 2012-14 – Warehouse Services for Spirits & Wine Product

Dear Mr. Buckley,

Below please find Exel's Best and Final Offer (BAFO) and response to the questions on the several areas where the Commission is specifically focused. We would appreciate the opportunity to present our Best and Final Offer as we believe our commercial model is unique, and we believe there will still be questions even though we have done our best to explain it below.

I. Financial

Question:

Using the template reviewed at your phase II presentation, please provide your lowest possible rates.

Answer:

It is our proposal that the cost of warehousing should be fully funded by the Product Suppliers. Therefore, there are no rates for the NHSLC under our proposal. To minimize change we recommend maintaining the categories of services that are in place today. Only the rates for each service will change.

Under our proposal warehousing will become a profit center for the NHSLC. The Commission will set the Warehouse Service Charges for the Product Suppliers. Exel will pay the NHSLC the difference between the revenues collected from Product Suppliers, and the rates listed in Column Y of the attached spreadsheet "NH BAFO Summary Final - Aug 3 2012".

According to the Exel Financial Analysis Confirmation spreadsheet provided by the NHSLC, the Commission will save \$3.1 M over the initial 30 month term compared to the rates that will be coming into effect on January 1, 2013.

Again utilizing the Exel Financial Analysis Confirmation spreadsheet provided by the NHSLC, the Commission could generate as much as \$4.0 M in additional net income over the initial 30 month term. This assumes the NHSLC maintains the rates coming into effect on January 1, 2013 for Product Suppliers. It would be our recommendation that the NHSLC roll back some of the planned 14% increase in rates to the Product Suppliers. In any event, our rates represent a reduction in cost to the industry of \$7.1 M, and depending on the NHSLC a potential total improvement to its net income of \$7.1 M.

Question:

Please confirm that those rates will not change for the first 30 months of the contract.

Answer:

We can confirm that our rates will not change over the first 30 months of the contract. Consistent with the answer provided to question 22 from the May 1, 2012 CLARIFICATIONS AND AMENDMENTS, if the actual volumes or profile of work vary materially from the data provided by the NHSLC in the RFP process than either of us should have the opportunity to request a review of the rates. Exel proposes that materially is greater than 10%.

Question:

If possible, please submit an alternative rate structure that provides for rates over the entire twenty-year contract

Answer:

Our proposal for rates over the entire twenty-year contract is that we maintain the Warehouse Service Charges for Product Suppliers scheduled to come into effect on January 1, 2013. Every five years these rates will rise by 5%. Please see the rates listed in Columns AE - AG of the attached spreadsheet "NH BAFO Summary Final - Aug 3 2012". We would like the opportunity to discuss these rates as over the twenty years it would make sense to have them more representative of the costs incurred to deliver the services.

Again, our proposal is that there are no costs for the NHSLC. The commission will save $26 M over the contract life of 20 years, and Product Suppliers will have certainty of costs over the term of our agreement. Similar, to the 30 month rates, the NHSLC could choose to set up the warehouse as a profit center.

Question:

Please confirm that the twenty-year rates will not change.

Answer:

We can confirm that our rates will not change other than the scheduled increases over the entire twenty-year contract. Consistent with the answer provided to question 22 from the May 1, 2012 CLARIFICATIONS AND AMENDMENTS, if the actual volumes or profile of work vary materially from the data provided by the NHSLC in the RFP process than either of us should have the opportunity to request a review of the rates. Exel proposes that materially is greater than 10%. Also, our commitment is contingent on inflation staying at historic (last 15 year) levels.

II. Transition

Question:

Please confirm that the facility in your proposal and the solution for providing all services required by the RFP will be fully operational on or before October 31, 2013.

Answer:

We confirm that the facility in our proposal and the solution for providing all services required by the RFP will be fully operational on or before October 31, 2013.

As stated in Exhibit C, paragraph 26 to Appendix E, p.67, all costs associated with the transfer of Product and control... shall be borne by the NHSLC... As a result, we have not included these costs in our rates. We respectfully point out that the cost of transition includes duplicated fixed costs while the new facility ramps up to handling all products and shipments to all stores, and the old facilities similarly ramp down.

Question:

Please confirm the identity of those individuals who will be located in New Hampshire during the construction of or transition to the proposed facility (Appendix C, III p.43).

Answer:

The following individuals will be on the ground in New Hampshire to support the construction and transition. We attached bios for the majority of them.

Account Management Role: Paul Ledger

General Contractor role:

- Paul Roy from Pro Con Construction
- There will also be a full time site supervisor from Pro Con Construction

Exel Real Estate:

- Steve Hess
- Larry Wright

Exel Construction: Mike Hecker

- This role ensures that the building design and improvements are exactly suitable for operational functions. They represent operations with the General Contractor and the Real Estate team

Project Management: John Flanagan

IT Systems: Becky Ross

Industrial Engineering: Omer Rashid

Question:

If you have constructed or transitioned to a facility similar to the facility in your proposal please identify the project and provide contact information for your client (Appendix C, II page 43 of the RFP)

Answer:

We have extensive experience with both constructing new facilities, and transitioning into existing facilities.

In terms of constructing new facilities we offer the following projects

LION INDUSTRIAL TRUST

We have developed over 3 million square feet of distribution facilities partnering with Lion Industrial Trust, based in Dallas, Texas.

- A pair of 250,000 square foot buildings known as Hardy Distribution Center, located in Houston, TX
- Three buildings in the Carlisle Distribution Center (575,000 square feet, 800,000 square feet, and 310,000 square feet) located in Carlisle, PA
- A 736,000 square foot building at Laraway Distribution Center, in Joliet, IL
- A 700,000 square foot building in Byhalia, MS occupied by Carrier Corporation

Mr. Jim Hendricks
214-647-4902

In terms of transitioning into new facilities we offer the following projects

Since 2007, Exel transitioned into 7 facilities, and out of 3 facilities in order to maintain services during an economic boom in the province of Alberta

Mr. Alain Maisonneuve
Director, Liquor and Strategic Services
alain.maisonneuve@aglc.ca
780-447-8731

Question:

Please confirm that you will provide a transition bond for completion of all necessary items to make the facility fully operational on or before October 31, 2013.

Answer:

We will provide a transition bond for completion of all necessary items to make the facility fully operational on or before October 31, 2013. It is our perspective that the transition bond covers situations where we are at fault for the facility not being fully operational on or before October 31, 2013.

III. Contract performance bond

Comment:

A contract performance bond is required by Section 1.9, page 11 of the RFP. $1,000,000 was provided as an example of the amount of the contract performance bond. The amount of the bond will be discussed with any vendor that is selected for contract negotiations.

Response:

Acknowledged and understood.

IV. Final Contract

Question:

Even if you have done so before, please identify and explain every exception that you intend to take.

Answer:

The following are the paragraphs we wish to discuss with the NHSLC and the reasoning for wanting to make a change. As per your guidance these paragraph references relate to Exhibit C of the P-37

Paragraph 5.2

As per the answer to question 18 from the May 1, 2012 CLARIFICATIONS AND AMENDMENTS this clause needs to be amended to conform to Sections 1.10.3 and 1.10.4 of the RFP.

As per the answer to question 22 from the May 1, 2012 CLARIFICATIONS AND AMENDMENTS this clause needs to be amended to enable the parties to review rates if the actual volumes or profile of work change materially over the contract life. As our rates for the first 30 month period are based on the data provided by the NHSLC though the RFP process, if the actual volumes or profile of work vary materially from the data provided by the NHSLC in the RFP process than either of us should have the opportunity to request a review of the rates. Exel proposes that materially is greater than 10%.

Paragraph 14.1.2

As further clarified in the answer to question 33 from the May 1, 2012 CLARIFICATIONS AND AMENDMENTS the NHSLC requires the maximum coverage from all perils to its product. This answer further invites vendors to propose an alternative to using all perils property insurance fire and extended coverage insurance to achieve maximum coverage. Exel will provide coverage through its warehouse legal liability policy. This policy is designed to meet the unique needs of all our clients across North America. As such, our warehouse legal liability insurance is written to provide whatever level of coverage is listed in our contract with our client. Therefore, if our contract states Exel is liable for all risks for 100% of the acquisition cost of any and all liquor and wine products owned by the NHSLC up to a total of two million dollars ($2,000.000), that is what the policy will cover. In this case, all risks include fire and floods; therefore a separate fire and extended coverage policy would not be required. Please note that we believe the NHSLC inventory value to be $6,000,000. This includes the inventory in the Concord warehouse and the private provider warehouse. If this is the case our insurance policy will cover the $6,000,000 figure.

Paragraph 14.1.3

As stated in the paragraph above Exel will provide coverage through its warehouse legal liability policy, not a property policy. As a warehouse legal liability insurance policy it covers Exel's liability for loss or damage to the goods. In the event of loss or damage to the goods, the NHSLC would make a claim to Exel and Exel would pay that claim to the Commission. Exel would then recover from its insurance company. The benefit for the NHSLC is that it does not have to deal with Exel's insurance company. This also negates the need to have the NHSLC named as a loss payee

Paragraph 14.1.4

We would like to add a sentence clarifying that the performance bond can be drawn upon in the event of a material breach for the amount of damages owed.

Paragraph 14.3

This paragraph requires the insurer to endeavor to provide the NHSLC written notice of cancellation or modified of the policy. This paragraph is inconsistent with Appendix C, VII, 8, page 45. Additionally, in accordance with the new Accord standards insurance companies no longer provide this type of notice. The insurance company will only provide notice to Exel. As suggested in the answer to question 36 from the May 1, 2012 CLARIFICATIONS AND AMENDMENTS Exel would like to recommend that that upon receiving notice from its insurance company Exel will in turn to provide notice to the NHSLC. The notice period from our insurance company is 30 days.

Paragraph 16

We believe that the references to "Event of Default" should read "material breach". This is merely a tidying up of the agreement language and is needed to mesh with the changes in Paragraph 8 of Exhibit C.

New Paragraph

It is our perspective that we should have a mutual exclusion of indirect and consequential damages. These are not an insurable item, and committing to cover these damages is not a good business practice. Unless a vendor is large enough it is likely they could not stand behind this commitment. If we cannot completely exclude these damages we would like to agree on the events that trigger these types of damages and maximum liability levels.

New Paragraph

As we discussed in our presentation, the NHSLC should have security and continuity in its business. To ensure this the NHSLC or a new provider should be able to continue operations in the facility, and after purchasing appropriate licenses utilize the IT systems integrated with the NHSLC's IT systems.

To this end we wish to add a paragraph outlining that in the case of early termination the NHSLC has the obligation to take an assignment of the lease, and purchase assets tied to the building (e.g. racking), and IT interface development costs at their net book value. Exel will redeploy all material handling equipment and other mobile assets or make them available to the NHSLC at their Net Book Value. Further, upon the contract expiring all the assets will be available to the NHSLC free of charge.

V. Performance of contract

Question:

Please confirm that you and your employees will submit to reasonable background checks

Answer:

We confirm that our employees working on this account will submit to reasonable background checks.

Question:

Please confirm the identity of the persons who will be located in New Hampshire to run the proposed facility for the first 30 months

Answer: