Redacted
Redacted
Redacted
Redacted
Further to Fred’s note below, here is a scanned copy of the Agreement to purchase the land. This has been signed off by Seller and we will counter sign in the morning when our signatory is in the office.

We are all set to get started constructing our facility on behalf of the NHSLC!

Please confirm receipt of this email.

Also, in terms of next steps could you please let us know where you are in the process. We recognize that you wish to have a contract in place by Friday and want to ensure we do our part to reach this goal.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: [redacted]

From: Fred Takavitz (Exel US)
Sent: Monday, August 06, 2012 5:53 PM
To: Craig W. Bulkley
Cc: Scott Lyons (EXEL CA); Steve Hess (EXEL US)
Subject: Signed Agreement to Purchase Land

Craig,
Related to the voice mail that I left for you earlier this afternoon, we can now confirm that we have a signed purchase agreement with the owner of the property at 675 Route 3A, Bow, New Hampshire. The agreement is for 23 acres on which we intend to build a distribution center to handle business on behalf of the NHSLC.

We will have the signed agreement in our possession tomorrow. Please let me know that you have received this message. Thank you.

Fred Takavitz
Exel
Office (614) 865 8392
Mobile (614) [redacted]
fred.takavitz@dhl.com

From: Craig W. Bulkley [mailto:obulkley@liquor.state.nh.us]
Sent: Monday, August 06, 2012 3:44 PM
Received; we will review and contact you if there are any questions

Please consider the environment before printing this e-mail.

Craig W. Bulkey
Director
Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
✉ cbulkey@liquor.state.nh.us

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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Monday, August 06, 2012 12:35 PM
To: Craig W. Bulkey
Cc: George P. Tsiorpas; Greg Foreman (EXEL US); Fred Takavitz (EXEL US)
Subject: RE: Exel's Best and Final Offer

Craig,

Further to my note sent to you last Friday afternoon, there is an error in the prices sent for the 20 year rates. Please ignore columns AE – AG in our spreadsheet.

Our goal with the 20 year rates is to receive a aggregate revenue per case of $2.27 from Product Suppliers in the first year, and then have 5% increases in this aggregate revenue per case every 5 years. Thus, the aggregate revenue per case from Product Suppliers would be as follows:

- 2013 – 2017: $2.27
- 2018 – 2022: $2.39
- 2023 - 2027: $2.51
- 2028 – 2032: $2.64

If the state is interested in our proposal for the 20 year rates, we would be happy to complete the work necessary to propose rates per service that will result in the aggregate revenue per case figures listed above.

We would appreciate the opportunity to discuss our BAFO either in person or by phone.

Sorry for the inconvenience.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416

December 26, 2012

Exel 000712
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Two quick comments.

First, as stated in our letter - if possible we would appreciate the opportunity to discuss our BAFO either in person or by phone.

Second, regarding our twenty-year rates. We indicated that the rates will rise by 5% every 5 years and showed what the 5% increase would represent across 3 time periods. As we stated in our letter we would like to discuss migrating the rates to something more consistent with costs. We are concerned that if rates rise by 5% total revenues might rise by more than 5% which is not our intent. We only want total revenues to rise by 5% in line with what we expect with costs. We would look for the total revenue per case to follow a progression from $2.27 to $2.39 to $2.51 to $2.64. If in analyzing our numbers you find the total revenue per case not following this progression then we would appreciate the opportunity to discuss. In the meantime, we will continue our analysis of the figures.

Thanks,
Scott Lyons

TelephoneNumber: 905 366-7691
Mobile: 416 [redacted]
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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Friday, August 03, 2012 4:07 PM
To: Craig W. Builkley
Cc: George P. Tsiorpras; Greg Foreman (EXEL US)
Subject: Exel’s Best and Final Offer

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
LSR 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 222-2345
We withdraw our qualification that the rates will remain constant for 30 months.

Our BAFO will now be $2.02 on an aggregate cost per case basis (previously $1.98).

We will submit a revised rate sheet tomorrow with updated rates for each service that will aggregate to $2.02.

Please confirm receipt.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Wednesday, August 08, 2012 3:33 PM
To: Scott Lyons (EXEL CA)
Subject: Exel BAFO Clarification

Scott:

The Evaluation Committee has tried to be clear that it wants the rates for the first 30 months to remain constant. When we asked you to confirm this issue in the BAFO, you stated that your rates will not change. Consistent with your prior positions, you then qualified this statement by suggesting that either party should have the opportunity to request a review of rates if the actual volumes or profile of work vary by 10% from the data provided by the NHSLC in the RFP.

The data provided by the NHSLC has always been identified as estimates. Even if we could agree on some workable review process, the NHSLC does not want to take the risk that volumes will decrease below the estimates. The NHSLC appreciates your point that it could enhance its revenue if volumes are greater than the estimates. Nevertheless, it does not want to take the risk.

By 10 AM tomorrow, please withdraw your qualification that the rates will remain constant for 30 months.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
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From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Wednesday, August 08, 2012 5:39 PM
To: Craig W. Bulkley
Cc: Fred Takavitz (Exel US); George P. Tsiopras
Subject: RE: Transition Bond BAFO Clarification

We confirm we are responsible for the costs of a reasonable transition bond.

Please confirm receipt.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416

From: Craig W. Bulkley [mailto:chulkley@liquor.state.nh.us]
Sent: Wednesday, August 08, 2012 4:30 PM
To: Scott Lyons (EXEL CA)
Cc: Fred Takavitz (Exel US)
Subject: Transition Bond BAFO Clarification

The BAFO asked you to confirm that you will provide a transition bond for the completion of all necessary items to make the facility fully operational on or before October 31, 2013. This bond will cover any and all costs related to the transition from the contract in force on October 31, 2013 to the new contract because the successful vendor is unable to perform duties under the contract as of November 1, 2013 (April 18, 2012 Clarifications and Amendments, p. 1.)

The commission anticipates that the amount will be arrived at by mutual agreement. If there is no agreement, the commission may move on to a different vendor.

So that there is no misunderstanding, please confirm that you will be responsible for the costs of a reasonable transition bond.

Please provide your response by 10 AM, Thursday August 9, 2012.

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) 490-1599
✉ chulkley@liquor.state.nh.us
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I just received this email note. I believe it is from last week.

Scott Lyons

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

---

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, August 10, 2012 12:14 PM
To: Scott Lyons (EXEL CA)
Subject: Best & Final Offers

You may recall that you received an email from me on 8/2/12 at 1:53 PM stating:

“Due to some confusion over the time that your BAFO is due, we are informing you that the BAFO will be due by 4 PM on Friday, August 3, 2012.”

This is to inform you that the deadline has been extended to 7 PM, Friday, August 3, 2012.

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) 480-1559
✉ cbulkley@liquor.state.nh.us

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Sorry, but I am not following the purpose of this note telling us the BAFO deadline is extended to 7pm last Friday.

Scott Lyons

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

---

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, August 10, 2012 12:19 PM
To: Scott Lyons (EXEL CA)
Subject: RE: Best & Final Offers

No, I just sent it out a few minutes ago.

---

Please consider the environment before printing this e-mail.

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

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---

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Friday, August 10, 2012 12:17 PM
To: Craig W. Bulkley
Cc: Fred Takavitz (Exel US)
Subject: RE: Best & Final Offers

I just received this email note. I believe it is from last week.

Scott Lyons
From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, August 10, 2012 12:14 PM
To: Scott Lyons (EXEL CA)
Subject: Best & Final Offers

You may recall that you received an email from me on 8/2/12 at 1:53 PM stating:

“Due to some confusion over the time that your BAFO is due, we are informing you that the BAFO will be due by 4 PM on Friday, August 3, 2012.”

This is to inform you that the deadline has been extended to 7 PM, Friday, August 3, 2012

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

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From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, August 10, 2012 1:27 PM
To: Craig W. Bulkeley
Cc: Fred Takavitz (Exel US)
Subject: RE: Best & Final Offers

No worries – I understand

Scott Lyons

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

---

From: Craig W. Bulkeley [mailto:cbulkeley@liquor.state.nh.us]
Sent: Friday, August 10, 2012 1:18 PM
To: Scott Lyons (EXEL CA)
Subject: RE: Best & Final Offers

It is just a formality and something we had to do at our end. Don’t worry about it.

Please consider the environment before printing this e-mail.

Craig W. Bulkeley
Director
Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
✉ cbulkeley@liquor.state.nh.us

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From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, August 10, 2012 12:29 PM
To: Craig W. Bulkeley
Cc: Fred Takavitz (Exel US)
Subject: RE: Best & Final Offers

Sorry, but I am not following the purpose of this note telling us the BAFO deadline is extended to 7pm last Friday.

Scott Lyons
From: Craig W. Builkey [mailto:cbuilkey@liquor.state.nh.us]
Sent: Friday, August 10, 2012 12:19 PM
To: Scott Lyons (EXEL CA)
Subject: RE: Best & Final Offers

No, I just sent it out a few minutes ago.

Please consider the environment before printing this e-mail.

Craig W. Builkey
Director
Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
✉ cbuilkey@liquor.state.nh.us

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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Friday, August 10, 2012 12:17 PM
To: Craig W. Builkey
Cc: Fred Takavar (Exel US)
Subject: RE: Best & Final Offers

I just received this email note. I believe it is from last week.

Scott Lyons

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

From: Craig W. Builkey [mailto:cbuilkey@liquor.state.nh.us]
Sent: Friday, August 10, 2012 12:14 PM
To: Scott Lyons (EXEL CA)
Subject: Best & Final Offers

You may recall that you received an email from me on 8/2/12 at 1:53 PM stating:

“Due to some confusion over the time that your BAFO is due, we are informing you that the BAFO will be due by 4 PM on Friday, August 3, 2012.”

December 26, 2012

Exel 000724
This is to inform you that the deadline has been extended to 7 PM, Friday, August 3, 2012.

Please consider the environment before printing this e-mail.

Craig W. Buikley
Director
Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
✉ cbuikley@liquor.state.nh.us

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From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Friday, August 10, 2012 1:41 PM
To: Craig W. Bulkley
Subject: RE: BAFO Follow-Up

Great – we will get ready.

Scott Lyons

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

---

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, August 10, 2012 1:16 PM
To: Scott Lyons (EXEL CA)
Subject: BAFO Follow-Up

Scott:

You will be receiving an email from me this afternoon with a BAFO follow-up. Please anticipate its arrival.

Your response will be due by noon on Monday, August 13, 2012.

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

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Fred and I would like to accept your invitation to discuss the clarifications and rejected exceptions with yourself and Steve at 10:00 AM this morning.

Let’s use this conference line: 1-877-777-1345. Press 1, then the passcode 65064697 followed by #. It will prompt you to state your name after the tone and then press #

In particular, we wish to discuss
- Section 3.0.2 – Location of Product – Page 19 of the RFP.
- Exhibit A – Contract Services - Paragraph 3 (exclusivity) – Page 9 of the Law Warehouse Contract
- Exhibit A – Contract Services - Paragraph 8 (limitation of liability) – Page 10 of the Law Warehouse Contract
- Appendix E – General Standards and Requirements – Paragraph 10 (termination) – Page 60

Please confirm receipt and we look forward to speaking to you at 10.

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
We have data for 2011 in the RFP, could you please provide the volumes for the previous three years. Ideally, with the same level of detail, but at a minimum at least the case volume.

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

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

www.exel.com
Thanks.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Monday, August 13, 2012 11:31 AM
To: Scott Lyons (EXEL CA)
Subject: Today's Request for Volume History

Scott:

You can find historical data here:

http://ice.liquor.nh.gov/warehouse/

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

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Pursuant to Section 1.5.3, Page 8 of the Warehouse Services RFP, the NHSLC has the authority to amend the RFP at any time and at its sole discretion. The NHSLC hereby amends Section 1.2, Schedule of Events on Page 5 of the RFP from June 7, 2012 - August 1, 2012 to June 7, 2012 – September 12, 2012.

This date is well within the requirement that the proposals remain valid for a period of 210 days from the proposal due date (June 7, 2012). The Evaluation Committee will continue to work as quickly as possible to allow the NHSLC to reach contract award. Vendors may be asked for additional oral and/or written presentations in NHSLC’s continuing effort to identify the proposal most advantageous to the State of New Hampshire.

We are arranging a meeting with Michael Bergeron, Business Development Manager, Division of Economic Development, Department of Resources & Economic Development. Neither he nor we will serve as an advocate, however, we will serve as a conduit with local and state agencies to expedite the transition to the facility you have proposed. We will be in contact next week with proposed dates.

Please provide us with all documents you have received pursuant to Articles IV and V of your Purchase & Sale agreement. If you have not received all the documents you requested from the seller, please explain why.

If you have any questions or comments, please direct them via email to me, Craig W. Bulkley, as the issuing officer.
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I received the following comment from Steve Hess regarding the documents received pursuant to Articles IV and V:

“The escrow is officially open and Seller has 5 days (from Wednesday) to forward all materials on hand identified in articles IV and V. We have communicated lawyer to lawyer, and buyer to seller that we need the documents ASAP. We will continue to push all involved on the Seller side. It is not uncommon for some of the documents to lag a few days. We will be ordering a title report today.”

We would be happy to meet with Michael. If possible we would like to have George Bald at the meeting as well.

In terms of scheduling, Tuesday next week will work well for Fred and myself. I will be going on holidays as of Thursday and returning the following Friday (31st). The process does not need to wait for me. If Tuesday is not convenient, Fred is available to the following week. Also, I would ask that you copy Fred on any emails you send to me for the next two weeks.

A final thought is that when we come to meet with Michael we would appreciate the opportunity to meet with the evaluation committee or a sub-set of them. We would be interested in discussing any questions you may have on our solution, and discussing some of the key commercial points.

Please let us know if Tuesday will work.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: [redacted]

---

Scott:

Pursuant to Section 1.5.3, Page 8 of the Warehouse Services RFP, the NHSLC has the authority to amend the RFP at any time and at its sole discretion.

This date is well within the requirement that the proposals remain valid for a period of 210 days from the proposal due date (June 7, 2012). The Evaluation Committee will continue to work as quickly as possible to allow the NHSLC to reach contract award. Vendors may be asked for additional oral and/or written presentations in NHSLC’s continuing effort to identify the proposal most advantageous to the State of New Hampshire.
We are arranging a meeting with Michael Bergeron, Business Development Manager, Division of Economic Development, Department of Resources & Economic Development. Neither he nor we will serve as an advocate, however, we will serve as a conduit with local and state agencies to expedite the transition to the facility you have proposed. We will be in contact next week with proposed dates.

Please provide us with all documents you have received pursuant to Articles IV and V of your Purchase & Sale agreement. If you have not received all the documents you requested from the seller, please explain why.

If you have any questions or comments, please direct them via email to me, Craig W. Bulkley, as the issuing officer.

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

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We will get back to you shortly.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 □□□□□□

---

Scott – per our discussion a few minutes ago, the Commissioners would like to change the meeting from 8/31 to 8/23 at 11 AM. Please let me know if this works for you. 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

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---

Thank-you for this opportunity. We will be back to you shortly with our participant list.
Scott Lyons

Telephone: 905 366-7691
Mobile: 416  

www.exel.com

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, August 21, 2012 04:20 AM
To: Scott Lyons (EXEL CA)
Subject: Exel Meeting w/ Commissioners

Scott:

This will confirm Exel’s meeting with Chairman Joe Mollica and Commissioner Mike Milligan and members of the RFP Evaluation Committee and legal counsel on Friday, 8/31, at 9 AM at the Commission Headquarters at 50 Storrs Street in Concord.

You do not have to review your proposal as the Commissioners are familiar with it. However, this is your opportunity to highlight those items that set you apart from other Vendors. It is also an opportunity for the Commissioners to get to know your team and ask any questions they may have.

We anticipate the meeting will take no longer than an hour or so. Please email me with the participants from Exel. 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)

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We will be there on the 23rd.

Would 1 pm be a possibility? I am not asking for 1 pm yet, but just wondering if there is this flexibility to support one or two potential participants.

Thanks,
Scott Lyons

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

---

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, August 21, 2012 12:13 PM
To: Scott Lyons (EXEL CA)
Subject: RE: Exel Meeting w/ Commissioners

Scott – per our discussion a few minutes ago, the Commissioners would like to change the meeting from 8/31 to 8/23 at 11 AM. Please let me know if this works for you. Thanks.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
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✉️ cbulkley@liquor.state.nh.us

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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Monday, August 20, 2012 4:28 PM
To: Craig W. Bulkley
Thank-you for this opportunity. We will be back to you shortly with our participant list.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416

www.exel.com

From: Craig W. Bulkeley [mailto:cbulkeley@liquor.state.nh.us]
Sent: Tuesday, August 21, 2012 04:20 AM
To: Scott Lyons (EXEL CA)
Subject: Exel Meeting w/ Commissioners

Scott:

This will confirm Exel’s meeting with Chairman Joe Mollica and Commissioner Mike Milligan and members of the RFP Evaluation Committee and legal counsel on Friday, 8/31, at 9 AM at the Commission Headquarters at 50 Storrs Street in Concord.

You do not have to review your proposal as the Commissioners are familiar with it. However, this is your opportunity to highlight those items that set you apart from other Vendors. It is also an opportunity for the Commissioners to get to know your team and ask any questions they may have.

We anticipate the meeting will take no longer than an hour or so. Please email me with the participants from Exel. Thanks.

Please consider the environment before printing this e-mail.

Craig W. Bulkeley
Director
Division of Administration
NH State Liquor Commission
 телеф (603) 230-7008
FAX (603) 271-3897
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e-mail: cbulkeley@liquor.state.nh.us

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Our participants will include:
- Jim Gehr
- Fred Takavitz
- Scott Lyons
- Steve Hess
- Robert Maclellan
- Becky Ross

You have meet all of us at the last presentation.

Cheers,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 __________

---

Scott:

This will confirm your meeting with the Commissioners and evaluation committee on Thursday, August 23, 2012 at 1 PM. When you have a complete list of Exel participants, please forward it to me. 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

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As we are in New Hampshire tomorrow would it be acceptable for us to reach out to Michael Bergeron and George Bald?

Thanks,
Scott Lyons

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

---

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, August 14, 2012 12:01 PM
To: Scott Lyons (EXEL CA)
Subject: Warehouse Services RFP 2012-14

Scott:

Pursuant to Section 1.5.3, Page 8 of the Warehouse Services RFP, the NHSLC has the authority to amend the RFP at any time and at its sole discretion. The NHSLC hereby amends Section 1.2, Schedule of Events on Page 5 of the RFP from June 7, 2012 - August 1, 2012 to June 7, 2012 – September 12, 2012.

This date is well within the requirement that the proposals remain valid for a period of 210 days from the proposal due date (June 7, 2012). The Evaluation Committee will continue to work as quickly as possible to allow the NHSLC to reach contract award. Vendors may be asked for additional oral and/or written presentations in NHSLC’s continuing effort to identify the proposal most advantageous to the State of New Hampshire.

We are arranging a meeting with Michael Bergeron, Business Development Manager, Division of Economic Development, Department of Resources & Economic Development. Neither he nor we will serve as an advocate, however, we will serve as a conduit with local and state agencies to expedite the transition to the facility you have proposed. We will be in contact next week with proposed dates.

Please provide us with all documents you have received pursuant to Articles IV and V of your Purchase & Sale agreement. If you have not received all the documents you requested from the seller, please explain why.

If you have any questions or comments, please direct them via email to me, Craig W. Bulkley, as the issuing officer.
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From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, August 23, 2012 9:43 PM
To: Craig W. Bulkley
Cc: Stephen J. Judge; Judge, Steve; Fred Takavitz (Exel US)
Subject: RE: Additional Information Requested

Just a reminder to please copy Fred Takavitz for the next week as I am now off on holidays.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 XXX-XXXX

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Thursday, August 23, 2012 3:52 PM
To: Scott Lyons (EXEL CA)
Cc: Stephen J. Judge; Judge, Steve
Subject: Additional Information Requested

Scott:

Thank you for a very thorough presentation to the commissioners this afternoon. The additional data requested during the meeting should get to me by 2 PM tomorrow, 8/24.

In addition, please refer to our email of August 21, 2012 requesting information regarding your site. We continue to need this information as soon as possible. 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

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Scott Lyons

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

Telephone: 905 366-7691
Mobile: 416

www.exel.com
Hi Craig,

Fred and I would appreciate the opportunity to speak with yourself, and other members of the evaluation committee as you see fit today. Ideally 11:30 to 2:00 or 4:00 to 5:00, but we will make any time work that suits you and your team.

We have been making investments in certain activities regarding the real estate to protect our commitment to have the operation running by October 31, 2013.

There are a couple we need to make again this week and we would appreciate the opportunity to share the details.

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
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
Scott Lyons (EXEL CA)

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 Ruzevic (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 been 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 [ ] 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

---

From: Fred Takavit (Exel US)
Sent: Friday, June 22, 2012 12:53 PM
To: Craig W. Bulkey
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

December 26, 2012
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. Modify 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.
Scott Lyons

Exel
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Mississauga, Ontario
L5R 3R3
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Telephone: 905 366-7691
Mobile: 416

www.exel.com
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

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December 26, 2012 Exel 000752
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

---

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
gt@liquor.state.nh.us**

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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 ____________

---

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
Tel: (603) 230-7008
Fax: (603) 271-3897
Cell: (603) 490-1559
bulkley@liquor.state.nh.us

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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
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(cbulkley@liquor.state.nh.us)

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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. Vice 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 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

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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.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
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.
Just wanted to send a note to make sure you and your families are safe. Turned out to be a very nasty storm! Hopefully it only delivered a glancing blow to New Hampshire. I checked in with my brother in Winchester and they are okay. They had a lot of rain, and some power outages, but that was it.

Scott Lyons

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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: cbuckley@liquor.state.nh.us

Reference: RFP 2012-14 – Warehouse Services for Spirits & Wine Product

Dear Mr. Buckley,

Below please find Excel’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
• 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 startup 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 startup 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?
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 VI 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 VI 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 VI 10d

- What is the definition of other problems caused by the Warehouse contractor?
• 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 cost the various proposals). These will need to be provided for both Nashua and Concord.
  o Percentage of inbound receipts for each code category
  o Percentage of storage for each aging category for cases, allocated inventory, unsaleable cases, pallets, and unsaleable pallets
  o 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?

Engineering Questions

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)?
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 stackability (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:
  - F77 shows 4,890,479 cases for both DCs
  - F78 shows 3,298,235 cases for both DCs

Delivery clarifications:
- 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 23 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.

Operations Questions

3.0.4 Warehouse General Requirements

- What types of products will be stored in the temperature controlled area?
- 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 in the temperature controlled area and is there a regulatory requirement to keep it segregated from ballast 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 damage 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 unsellable 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 barreled. 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
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 SSC 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 anyway?

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?
• 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 schedule 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?
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 licensees, 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 a licensed vendor, or by the NHSLC.'
- Outside of a blanket PO, how 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 Warehouse 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 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
must produce a Purchase file that includes all of the billed 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 NHSCLC 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 NHSCLC 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 155 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 $2.25/case/14 days. Is this a mistake or is this rate the NHSCLC 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.

**Long term warehouse responses.pdf**

- The answer to Question 28 states that the successful bidder is responsible for all inventory losses based on the NHSCLC cost per bottle. This seems to contradict the Liability and Limitation of Damages clause in Appendix D. Which is correct?
Sincerely,

Scott Lyons
Vice President
Scott Lyons

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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
Thanks - we saw those last night. We should have our questions ready by EOD – I know that there is an extension, but I figure that the sooner we get them to you the sooner you will be able to get us the answers.

Cheers,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Thursday, April 19, 2012 2:13 PM
To: Scott Lyons (EXEL CA)
Subject: RE: Thank-you

Scott:

Glad we could accommodate you and Robert while you were here. Thanks again for your interest in our RFP. Please note that we have posted answers to inquiries made so far on our website where you found our RFP.

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

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Cc: Robert Macellan (EXEL US)

Subject: Thank you

I just wanted to send you a quick note to say thank-you for making arrangements for Robert and I to tour the NHSLC warehouse in Concord with such short notice.

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
Two quick questions:

1) Please provide the collective agreement for the staff in the Concord facility and the stores or a link to the agreement.
2) Is the Nashua facility unionized and if so which union?

Thanks,
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 

www.exel.com
Thank you.

I assumed this was the case, but I wanted to be sure given the RFP process.

Sorry you will not be joining us.

Cheers,
Scott Lyons

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

---

The RFP prohibits you from speaking to any other NHSLC employee but me regarding the long-term warehouse services RFP. It does not restrict you from talking about other matters.

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

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---

Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Tuesday, May 15, 2012 11:06 AM
To: Craig W. Bulkley  
Subject: Warehouse Services for Spirits & Wine Product

We are looking for some direction as it relates to the upcoming NABCA conference. We will be in attendance as will representatives of the NHSLC. Obviously, we cannot discuss the RFP with any of the NHSLC representatives as per 1.3 of the RFP. We just wanted to confirm that we are able to have discussions with them on matters not related to the RFP.

Thanks,
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 [hidden]

www.exel.com
We just want to confirm that delivery by courier is acceptable and that we do not have to have someone from our company hand deliver it to the Commission offices.

Thanks,
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: 416 555-5555

www.exel.com
Thank-you and we will take your advice on getting a receipt.

Scott Lyons

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

---

Courier delivery is acceptable. You should make sure you get a receipt from your courier for delivery date and time for your records.

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

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---

We just want to confirm that delivery by courier is acceptable and that we do not have to have someone from our company hand deliver it to the Commission offices.

Thanks,
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
You should have received our proposal yesterday. If you do not have it please let me know.

Happy reading!

Cheers,
Scott Lyons

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

---

From: UPS Quantum View [mailto:auto-notify@ups.com]
Sent: Wednesday, June 06, 2012 12:03 PM
To: Scott Lyons (EXEL CA)
Subject: UPS Delivery Notification, Tracking Number 1ZX804811398961089

***Do not reply to this e-mail. UPS and EXEL Westerville BD will not receive your reply.

At the request of EXEL Westerville BD, this notice is to confirm that the following shipment has been delivered.

**Important Delivery Information**

Tracking Number: 1ZX804811398961089
Delivery Date / Time: 06-June-2012 / 11:41 AM

Delivery Location: RECEPTION
Signed by: COLLINS

**Shipment Detail**

Ship To:
Attn: Craig W. Bulkley
NH State Liquor Commission
50 STORRS ST
CONCORD
NH
03301
US

Number of Packages: 1
UPS Service: NEXT DAY AIR SAVER
Weight: 15.0 LBS
Reference Number 1: 019246900681000
I am getting ahead of myself here. But assuming the evaluation committee wishes to conduct due diligence on our operations, we will be recommending they visit our operation in Edmonton, Alberta, Canada. Though we can show sites in the US, the sites we operate for the Alberta Gaming and Liquor Commission are directly applicable to the services we would be providing to New Hampshire if we are successful. Right down to the province of Alberta utilizing bailment inventory.

As this involves international travel anyone making the trip will need to have a passport. I have run into issues in the past where some folks don’t have passports or they have expired. If appropriate, you may wish to advise your team to check their passports as a new or renewal passport can be obtained with sufficient notice.

Thanks,
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
Is Tuesday late morning still available?

Scott Lyons

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

---

Scott — the committee is now booked on Wednesday afternoon. The tour of your land in Concord must be on Thursday afternoon. Let me know the time you choose. 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

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From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Monday, June 18, 2012 4:02 PM
To: Craig W. Bulkley
Cc: John D. Bunnell; George P. Tsiopras; Judge, Steve
Subject: RE: Warehouse Services RFP 2012-14

We will have answers back to you by the 22nd if not sooner.

Sincerely,
Scott Lyons

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

---

From: Craig W. Bulkley [mailto:chukley@liquor.state.nh.us]
Sent: Monday, June 18, 2012 3:39 PM
To: Scott Lyons (EXEL CA)
Cc: John D. Bunnell; George P. Tsiopras; Judge, Steve
Subject: Warehouse Services RFP 2012-14

Scott:

As we previously notified you by email, the Evaluation Committee is performing its initial analysis. We have several questions about your proposal. In order to expedite the process, we would like your answers to our questions by email by Friday, June 22nd.

Please do not draw any conclusions from the following questions. They are asked in order to confirm that we understand specific parts of your proposal. Do not assume that our questions bring any weight to that part of your proposal about which we have asked. In other words, take the questions at face value and just answer them as completely and with as much detail as possible.

Our questions are as follows:

1. Do you subscribe to “open data Standards”
2. Do you have “open data formats” as part of your proposals?
3. Does your proposal include all licenses required to operate hardware/software?
4. Does your proposal include maintenance for all hardware/software?
5. Does your proposal rely on customized interfaces to integrate with the NHLC existing applications?
6. You recognize in your proposal that the incumbent has an agreement with the owner of the Seabrook site. You acknowledge that the Seabrook owner will not communicate with you. You predict that the Seabrook owner will reach an agreement with you if the incumbent is not chosen. What is the basis for such a prediction when you have had no communication with the owner?
7. In addition, the Seabrook site is 495,000 square feet. You have proposed a 150,000 square foot warehouse. Please explain why the owner of Seabrook would agree to lease a small portion of its site to you.
8. Please provide the location you intend to use for your warehouse if the Seabrook site is not available.
9. In your proposal on Page 14, you indicate that you researched an option to build your facility in Concord, NH and that land was available. Please provide us with a construction schedule that establishes that the facility will be operational on or before October 31, 2013. The schedule must include a list of all permits required with a timetable for acquiring them. It must also include a schedule for construction and infrastructure, particularly automation. In addition to the schedule requested above, please provide us with the names of all subcontractors that will be responsible for construction and infrastructure.

December 26, 2012
10. What are your projections for volumes by month in each of the pricing categories included in Appendices D and D-1 for the first 30 months of this contract and each subsequent 30-month period through the end of the contract? Please explain the basis for your projection. Please address only the basic bailment charges: inbound handling, storage, and outbound order processing/reporting. For example, in the first month of the contract, how many cases do you assume will be inbound in the category of codes of 1-180?

11. In Section 3.0.12, Page 26, the RFP requires that the proposal shall list separately all charges which could be incurred by the NHSLC and all charges which could be incurred by the suppliers in the operation of the warehouse. Are all charges included in Appendix D and D-1? Specifically, identify where a charge, if any, for outbound handling is located. For example, outbound handling may already be included in the charge for inbound handling.

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We are just completing our planning for this tour and are wondering if after 3:00 on Thursday would work?

Thanks,
Scott Lyons

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

Scott — the committee is now booked on Wednesday afternoon. The tour of your land in Concord must be on Thursday afternoon. Let me know the time you choose. Thanks.
From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Wednesday, June 20, 2012 4:47 AM
To: Craig W. Bulkley
Cc: Fred Takavitz (Exel US); Steve Hess (EXEL US)
Subject: RE: Site Tour - 6/21

In terms of an agenda for Thursday afternoon we would suggest the following:

- Please meet us at 3:00 pm at our brokers office in Concord (address to follow later today)
- We will spend about 30 minutes discussing what we will see on the tour of the three sites, and a few highlights of our value proposition
- Then we will tour each of the three sites. The owner of each parcel of the land will meet us at their respective site and be available to answer any questions

Our attendees will include:

- Fred Takavitz – SVP Business Development
- Steve Hess – Senior Director Real Property Development
- Roger A. Dieker - Vice President / Managing Broker CBRE

Thanks,
Scott Lyons

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

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, June 19, 2012 11:34 AM
To: Scott Lyons (EXEL CA)
Subject: Site Tour - 6/21

Scott – I expect that all members of our evaluation committee will attend: George Tsiopras, John Bunnell, Peter Hastings, Steve Judge (legal counsel) and me.

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

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Jun 22, 2012

Mr. Craig W. Buckley
Director Division of Administration
NH State Liquor Commission
P. O. Box 503
Concord, NH, 03302-0503

VIA Email: cbuckley@liquor.state.nh.us

Reference: RFP 2012-14 – Warehouse Services for Spirits & Wine Product

Dear Mr. Buckley,

Below please find Exel’s answers to the questions posed by the Commission on Jun 18, 2012.

1. Do you subscribe to "open data Standards"?
   Answer:
   Exel subscribes to all leading data exchange standards. We also have substantial flexibility to meet the specific requirements of our broad range of customers. Please refer to the attached document (Exel Integration Standards.docx) detailing not only the data standards supported by Exel, but also our philosophy in how we connect with our customers' systems.

2. Do you have "open data formats" as part of your proposals?
   Answer:
   Yes the open data formats are part of our proposal

3. Does your proposal include all licenses required to operate hardware/software?
   Answer:
   Yes our proposal includes the cost of all licenses to operate the hardware/software

4. Does your proposal include maintenance for all hardware/software?
   Answer:
   Yes our proposal includes maintenance for all hardware/software.

5. Does your proposal rely on customized interfaces to integrate with the NHLC existing applications?
   Answer:
Based upon NHSLC’s requirements, we have identified 25 data exchange interfaces — 12 are standard Exel interfaces and 13 will require some customization. However, Exel deploys IBM’s Websphere Transformation Extender, which enables rapid integration development without the need to write interface programs. Please refer to attached document (NHSLC Interfaces Standard vs. Custom.xlsx) for itemized interface details.

6. You recognize in your proposal that the incumbent has an agreement with the owner of the Seabrook site. You acknowledge that the Seabrook owner will not communicate with you. You predict that the Seabrook owner will reach an agreement with you if the incumbent is not chosen. What is the basis for such a prediction when you have had no communication with the owner?

Answer:
The listing agent representing the Sublandlord has been advised by her client not to show the property anymore, as someone has a “contract” on the building. It is our understanding that the incumbent has a letter of intent or other form of contract with the current Sublandlord and/or possibly the owner at the Seabrook site that is conditional on the incumbent being awarded the contract for warehouse services with the NHSLC. Our assumption is that the incumbent would not have put the condition on if they required the space for other customers. Thus, we believe that if the incumbent does not win the contract they will not release their condition on and the building will return to the market. Further, our market intelligence is not aware of any other deals in the New Hampshire market that require a building of this size (495,000 sq ft and 41’ clear height).

In case we are incorrect in our assumption we found three sites in Concord where we can construct a building.

7. In addition, the Seabrook site is 495,000 square feet. You have proposed a 150,000 square foot warehouse. Please explain why the owner of Seabrook would agree to lease a small portion of its site to you.

Answer:
This is a very large building for the market (495,000 sq ft and 41’ clear height). Our broker confirmed to us that the Sublandlord and owner would be willing to subdivide the building, and the marketing brochures on the building show it as being divisible to a minimum of 100,000 sq ft. Further, as stated above, our market intelligence is not aware of any other deals in the New Hampshire market that require a building of this size.

8. Please provide the location you intend to use for your warehouse if the Seabrook site is not available.

Answer:
There are in fact three suitable sites in Concord where we can construct a building. They are approximately located at or near:

- 77 Merrimack
9. In your proposal on Page 14, you indicate that you researched an option to build your facility in Concord, NH and that land was available. Please provide us with a construction schedule that establishes that the facility will be operational on or before October 31, 2013. The schedule must include a list of all permits required with a timetable for acquiring them. It must also include a schedule for construction and infrastructure, particularly automation. In addition to the schedule requested above, please provide us with the names of all subcontractors that will be responsible for construction and infrastructure.

Answer:

The schedule for pre-development will range between 4 and 6 months, with the contingency being whether an Alteration of Terrain permit is required, which is sourced from the State versus local level. The local permits will include, depending on the site:

   a) Zoning Board approval, however as we understand it, each of the sites are correctly zoned;
   
   b) Based on the size of the building, a Major Site Plan approval will be required, but this and the permit review process can be done in tandem.

The actual construction process will take 7 to 8 months, contingent on starting construction by August, with the key assumption being that all foundations are poured by mid-December at the latest. Total time given the go-ahead by the end of July will be not more than 12 months.

The contractors we will be evaluating are Pro Con and DaCon. Subcontractors are to be determined subsequent to review of the bids we receive from the two General Contractors listed above with an additional one or two others to insure best pricing.

10. What are your projections for volumes by month in each of the pricing categories included in Appendices D and D-1 for the first 30 months of this contract and each subsequent 30-month period through the end of the contract? Please explain the basis for your projection. Please address only the basic billing charges: inbound handling, storage, and outbound order processing/reporting. For example, in the first month of the contract, how many cases do you assume will be inbound in the category of codes 1-180?

Answer:

For the purposes of developing these pricing templates we looked at the total cost and volumes across the first 30 month period. We did not break it down by month. We might suggest that if you are comparing costs between proponents you do so by comparing the figures across the first 30 months.
We did not assume a growth factor in volumes. Volumes typically grow with population growth – in this case forecast to be 1.9% annually for New Hampshire. Grow in population needs to be balanced against the trend toward premium product. This trend has a positive impact on revenues and margins, but a negative impact on volumes. Finally, 53% of the NHSLC’s volume comes from out of state. If New Hampshire changes its taxation policies, and/or other states take action to encourage their populations to purchase product in their home state, then the NHSLC’s volumes could drop. As a result, we felt it was a conservative approach to not try and forecast future growth.

- Inbound Pallet
  - 32,074 for unload and 65,219 for receiving/putaway (averaged into the $7.40 rate/pallet)

- Inbound Case
  - 2,905,585 cases (applied to all inbound cases, regardless of receipt-lot)

- Outbound Case
  - 4,890,479 cases (new proposed rate to capture the assembly/outbound activities)
    - Storage/Case 1-84 - 407,103
    - Storage/Case 85-182 - 32,357
    - Storage/Case 183-365 - 15,448
    - Storage/Case 366+ - 14,014
    - Storage/Pallet 1-64 - 4,054
    - Storage/Pallet 65-162 - 377
    - Storage/Pallet 163-365 - 177
    - Storage/Pallet 366+ - 160

- Order Processing
  - 4,890,479

11. In Section 3.0.12, Page 26, the RFP requires that the proposal shall list separately all charges which could be incurred by the NHSLC and all charges which could be incurred by the suppliers in the operation of the warehouse. Are all charges included in Appendix D and D-17? Specifically, identify where a charge, if any, for outbound handling is located. For example, outbound handling may already be included in the charge for inbound handling.

Answer:
All charges are included in Appendix D. It is our recommendation that the NHSLC adopt an alternate commercial approach. Under this proposal Exel will operate the warehouse under a cost reimbursement commercial structure. The NHSLC sets the rates for suppliers, and keeps the difference. This approach eliminates the need for two pricing structures and for the Commission to determine which products to store in its own warehouse. In addition, as the Commission manages the pricing to suppliers, it has control over the impact of these prices on its overall profitability. Finally, with this structure, the NHSLC has the ability to adjust the rates it charges suppliers going forward to maximize its profitability.

The charge for outbound handling is included in the new charge called "Outbound Handling". It is our desire to work with the NHSLC to determine the menu of services for the suppliers and the appropriate prices that will achieve the Commission’s objectives.

We trust that we answered your questions fully. But if not, please do not hesitate to contact me.

Sincerely,

Scott Lyons
Senior Director
Standard RFP Response – DHL Link (Americas)

In today’s supply chain industry, information is a crucial element and there are often complex information flows to be managed. In order to comply with the ever-increasing requirements of efficiency, speed and data quality, Enterprise Application Integration is used widely in Exel. In many customer implementations we are faced with a range of business processes to be supported by data interchange in order to integrate applications and create visibility and transparency in the supply chain. This requires a structured approach to integration and solid business analysis skills to create and maintain the processes supported by integration.

Exel operates regional DHL Link environments, each covering a geographic area and supporting a number of generic interfaces to allow for rapid implementation of new messages. Exel’s Enterprise Application Integration comprises:

1. A message
2. A data conversion
3. A transport mechanism
4. An application interface

The message is the data exchanged between applications in support of a business process. We support a wide range of standard message formats, including:

- ANSI X12 (preferred)
- EDIFACT
- XML
- SAP IDocs
- RosettaNet
- OAG BOD (Business Object Documents)

In addition to the list above, we can support any mutually agreed formats. If our customers have no preferences, we can suggest a standard message format for each supported business process.

The data conversion is the physical translation between the agreed message format and Exel’s internal format. Translation includes transforming the data from one format to another and performing data validation. To perform the conversion, we use an any-to-any translation engine.

The transport mechanism is the method to physically transfer data between the parties. We currently support:

- AS2 (preferred)
- FTP(S)
- HTTP(S)
- SFTP
- FTP with PGP
- RosettaNet RNF
- SOAP
- WebSphere MQ

December 26, 2012
The application interface sets the rules on how we process the data derived from the message into our application, or the rules governing the extraction of data out of our application.

The table below contains all the interfaces currently used between Exel and its customers. The highlighted interfaces are the most commonly used for warehousing services.

<table>
<thead>
<tr>
<th>Interface</th>
<th>Message Type Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airfreight Invoice</td>
<td>110</td>
</tr>
<tr>
<td>Motor Carrier Load Tender / Shipment Information</td>
<td>204</td>
</tr>
<tr>
<td>Carrier Invoice</td>
<td>210</td>
</tr>
<tr>
<td>Bill of Lading</td>
<td>211</td>
</tr>
<tr>
<td>Carrier Shipment Status</td>
<td>214</td>
</tr>
<tr>
<td>Logistics Service Request</td>
<td>219</td>
</tr>
<tr>
<td>Shipping Instructions (Order / Load Tender)</td>
<td>304</td>
</tr>
<tr>
<td>Customs Manifest</td>
<td>309</td>
</tr>
<tr>
<td>Ocean Freight Receipt and Invoice</td>
<td>310</td>
</tr>
<tr>
<td>Ocean Status Details (Event)</td>
<td>315</td>
</tr>
<tr>
<td>Ocean Ramp Activity</td>
<td>322</td>
</tr>
<tr>
<td>Rail Load Tender / Shipment Information</td>
<td>404</td>
</tr>
<tr>
<td>Rail Invoice</td>
<td>410</td>
</tr>
<tr>
<td>Rail Carrier Waybill Interface</td>
<td>417</td>
</tr>
<tr>
<td>Customer Invoice</td>
<td>810</td>
</tr>
<tr>
<td>Remittance Advice (Customer Payment)</td>
<td>820</td>
</tr>
<tr>
<td>Application Advice / Acknowledgement</td>
<td>824</td>
</tr>
<tr>
<td>Planning Release</td>
<td>830</td>
</tr>
<tr>
<td>Price Sales Catalogue</td>
<td>832</td>
</tr>
<tr>
<td><strong>Inventory Advice / Stock Status</strong></td>
<td><strong>846</strong></td>
</tr>
<tr>
<td>Work Order Manifest</td>
<td>850</td>
</tr>
<tr>
<td>Product Activity Data</td>
<td>852</td>
</tr>
<tr>
<td>Shipment Delivery Discrepancy Information</td>
<td>854</td>
</tr>
<tr>
<td><strong>ASN Inbound</strong></td>
<td><strong>856</strong></td>
</tr>
<tr>
<td><strong>ASN Outbound</strong></td>
<td><strong>856</strong></td>
</tr>
<tr>
<td>Purchase Order Change Request</td>
<td>860</td>
</tr>
<tr>
<td>Receiving Advice / Acceptance</td>
<td>861</td>
</tr>
<tr>
<td>Shipping Schedule</td>
<td>862</td>
</tr>
<tr>
<td>Text Message</td>
<td>864</td>
</tr>
<tr>
<td>Product Transfer</td>
<td>867</td>
</tr>
<tr>
<td>Order Status Report (Order Change)</td>
<td>870</td>
</tr>
<tr>
<td><strong>Item Maintenance</strong></td>
<td><strong>888</strong></td>
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<tr>
<td>Warehouse Shipping Order</td>
<td>940</td>
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<tr>
<td><strong>Work Order</strong></td>
<td><strong>940</strong></td>
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<tr>
<td>Warehouse Stock Transfer Shipment Advice</td>
<td>943</td>
</tr>
<tr>
<td><strong>Receipt Advice</strong></td>
<td><strong>944</strong></td>
</tr>
<tr>
<td>Shipment Confirmation (Confirm Issue)</td>
<td>945</td>
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<tr>
<td>Order Confirmation</td>
<td>945</td>
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<tr>
<td>Inventory Adjustment Advice - Manual ID</td>
<td>947</td>
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<tr>
<td><strong>Inventory Adjustment Advice - Quantity</strong></td>
<td><strong>947</strong></td>
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<tr>
<td>Inventory Adjustment Advice - Status</td>
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<tr>
<td>Response to Load Tender (Carrier Load Confirmation)</td>
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<tr>
<td>Functional Acknowledgement</td>
<td>997</td>
</tr>
</tbody>
</table>

**NOTE:** This set is continuously expanded to cover the real-life requirements we encounter in our relationships with our clients and partners.
DHL Link (Americas) Features

Resilience

Clustered, high availability
DHL Link (Americas) is clustered over two active/active servers. If either node fails, the second node will continue processing seamlessly.

Guaranteed delivery
Transactional processing ensures that documents reach their destination and will only be processed once.

Re-starting and re-sending
Messages are automatically resent in the event of a destination server failure.
Messages are manually re-started in the event of a transformation failure.

Archiving of raw and transformed data
To quickly respond to customer requests and queries, both the received and sent data is archived for up to 90 days.

Audit trace of messages
DHL Link (Americas) captures the status of all message that are processed. This enables efficient error resolution and identification of performance bottlenecks.

Error management and alerting
All exceptions are captured in the error management module, alerts are sent to users via email and SMS text messages.

24 hour support
DHL Link (Americas) is monitored 24 x 7, 365 days a year by technical support staff.

Encryption and security
Data can be sent and received securely using AS2, PGP, HTTPS, FTPS, SFTP or through Exel’s VPN.

Exel service management standards
The DHL Link (Americas) MQ infrastructure is monitored by BMC Software’s Middleware Management - Performance & Availability. The servers are monitored by HP OpenView.

Flexibility

True any-to-any transformation
IBM’s transformation tool WebSphere Transformation Extender is used to translate messages.

Currently supported formats
DHL Link (Americas) supports many new and old data formats including EDIFACT, X12, Tradacom, XML, SAP IDocs, CSV, fixed length and proprietary formats.
Includes standard EDI features
Automated acknowledgments can be sent and received. Interchange control reference numbers can be validated (duplicate checking, out of sequence checking etc.). Trading partners added and maintained easily.

Highly configurable
DHL Link (Americas) is very flexible; many new interfaces can be created through configuration only – no need for any programming.

Library of standard re-usable components
The same map can be shared across multiple partners and interfaces. This leads to rapid implementation as re-use is maximized.

Multiple entry points
Customers have many alternatives for delivering and receiving data:
- AS2
- FTPS
- SFTP
- FTP w/ PGP
- VAN
- MQ

Encryption and security
Data can be sent and received securely using AS2, PGP, HTTPS, FTPS, SFTP or through Exel’s VPN.

Performance

Event driven
Translation and processing of messages starts the instant they are delivered to DHL Link (Americas).

Batch Driven
To maximize throughput for high volume interfaces, messages can also be processed in batch.

Multi-threaded
To fully use all available resources, multiple instances of the same transformation can run concurrently, many messages can be processed simultaneously.

Sub-second throughput times
A message can be received, transformed and sent in a fraction of a second.

Web portal
DHL Link (Americas) transaction metadata is viewable through the Link Explorer web interface. Link Explorer can also be used to reprocess and resend transactions.

Standard components
Standard DHL Link components to receive, route and send data enable transformation to be as simple as possible.

Leading edge, platform independent software
Using Transformation Extender enables the DHL Link to be truly platform independent.
Separate environments for Test, QA and Production

Separate servers for each level of testing reduce the risk of errors in all environments and ensure testing is realistic and does not affect production performance.
<table>
<thead>
<tr>
<th>No.</th>
<th>Transaction Type</th>
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<tbody>
<tr>
<td>1</td>
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</tr>
<tr>
<td>2</td>
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<tr>
<td>3</td>
<td>Customer Available Credit Balances</td>
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<td>4</td>
<td>Customer Orders</td>
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<td>6</td>
<td>Order Conf (X12/945)</td>
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<tr>
<td>7</td>
<td>New Orders to be Accounted for in Credit Processing</td>
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<tr>
<td>8</td>
<td>Price File</td>
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<td>9</td>
<td>Blanket Purchase Orders</td>
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<td>10</td>
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<td>12</td>
<td>Customer/Licensee Master</td>
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<td>13</td>
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<td>14</td>
<td>Item Order Authorization: Governs Begin &amp; End Sell Dates</td>
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<td>19</td>
<td>Shipments from WMS</td>
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<td>20</td>
<td>Shipments from WMS</td>
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<td>21</td>
<td>ASN In (X12/856) - SLC Product Only</td>
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<td>22</td>
<td>Store Schedule: Open Orders</td>
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<td>23</td>
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<td>Order Status Transaction History</td>
<td>Exel Manhattan WMS</td>
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<tr>
<td>Destination System</td>
<td>Standard vs. Customized (for NHSLC) Interfaces</td>
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<tr>
<td>--------------------------------------------------------</td>
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<tr>
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<tr>
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<tr>
<td>Exel Manhattan WMS</td>
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<tr>
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</tr>
<tr>
<td>NHSLC Host</td>
<td>Standard</td>
<td></td>
</tr>
</tbody>
</table>
Attached please find a letter outlining our responses to the questions below and two attachments to help answer the questions related to IT.

Thank-you,
Scott Lyons

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

---

Scott:

As we previously notified you by email, the Evaluation Committee is performing its initial analysis. We have several questions about your proposal. In order to expedite the process, we would like your answers to our questions by email by Friday, June 22nd.

Please do not draw any conclusions from the following questions. They are asked in order to confirm that we understand specific parts of your proposal. Do not assume that our questions bring any weight to that part of your proposal about which we have asked. In other words, take the questions at face value and just answer them as completely and with as much detail as possible.

Our questions are as follows:

1. Do you subscribe to “open data Standards”
2. Do you have “open data formats” as part of your proposals?
3. Does your proposal include all licenses required to operate hardware/software?
4. Does your proposal include maintenance for all hardware/software?
5. Does your proposal rely on customized interfaces to integrate with the NHLC existing applications?
6. You recognize in your proposal that the incumbent has an agreement with the owner of the Seabrook site. You acknowledge that the Seabrook owner will not communicate with you. You predict that the Seabrook owner will reach an agreement with you if the incumbent is not chosen. What is the basis for such a prediction when you have had no communication with the owner?
7. In addition, the Seabrook site is 495,000 square feet. You have proposed a 150,000 square foot warehouse. Please explain why the owner of Seabrook would agree to lease a small portion of its site to you.
8. Please provide the location you intend to use for your warehouse if the Seabrook site is not available.
9. In your proposal on Page 14, you indicate that you researched an option to build your facility in Concord, NH and that land was available. Please provide us with a construction schedule that establishes that the facility will be operational on or before October 31, 2013. The schedule must include a list of all permits required with a timetable for acquiring them. It must also include a schedule for construction and infrastructure, particularly automation. In addition to the schedule requested above, please provide us with the names of all subcontractors that will be responsible for construction and infrastructure.

10. What are your projections for volumes by month in each of the pricing categories included in Appendices D and D-1 for the first 30 months of this contract and each subsequent 30-month period through the end of the contract? Please explain the basis for your projection. Please address only the basic bailing charges: inbound handling, storage, and outbound order processing/reporting. For example, in the first month of the contract, how many cases do you assume will be inbound in the category of codes of 1-160?

11. In Section 3.0.12, Page 26, the RFP requires that the proposal shall list separately all charges which could be incurred by the NHSLC and all charges which could be incurred by the suppliers in the operation of the warehouse. Are all charges included in Appendix D and D-1? Specifically, identify where a charge, if any, for outbound handling is located. For example, outbound handling may already be included in the charge for inbound handling.

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

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We look forward to meeting with the evaluation committee the week of the 16th.

We would like to host the evaluation committee for a site tour of our operations in Alberta. We believe a tour would give the committee to opportunity to better understand our operational and systems capabilities. Also, the committee would have the opportunity to meet with the Alberta Gaming and Liquor Commission. They would be able to shed more light on our 17 year relationship and how the commercial model works in Alberta.

Attached please find a copy of the LOI sent to Sam Audley.

We continue our research into the case labeling. We confirmed that in Alberta we are relabeling less than 5% of cases. We also confirmed that relabeling is not required for cases arriving into Ontario. We are checking with folks at our affiliate Gorgio Gori to better understand if there are different processes in the producing countries for product destined into Canada versus the United States. I hope to hear back from them shortly. We utilized an assumption of 2% cases requiring relabeling in our costing. This was based in part on our experience in Alberta and Ontario, and the answer provided to question 59 from the May 1st Q&A:

- Question 59: 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?
- Answer: Less than 2% need labeling or re-labeling at the Concord warehouse.

If appropriate we will revisit this assumption, but we would need guidance from the NHSLC regarding a more appropriate estimate of relabeling requirements.

It is our understanding from your note below that the evaluation committee is working to compare the total cost of the bidders’ submissions. To assist with these efforts we would suggest the commission provides assumptions for the following areas that all proponents need to utilize:

- Growth in case volume by year
- Inbound volumes by cases and pallet
- Volume of cases and pallet in storage across the 4 age buckets
- Outbound volumes by cases and pallet
- Volumes of cases requiring relabeling

We stand ready to quickly turn around provide the financial cost projections.

Cheers,
Scott Lyons

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

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Redacted
## INBOUND HANDLING:

<table>
<thead>
<tr>
<th>Description</th>
<th>Total EL Volume</th>
<th>Total Cost Volume</th>
<th>SUPPLIER COSTS</th>
<th>MHLEC COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>181 - 288 cases per</td>
<td>5,132,116</td>
<td>64,302</td>
<td>4,450</td>
<td>4,689</td>
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<tr>
<td>289 - 488 cases</td>
<td>3,201,052</td>
<td>64,302</td>
<td>3,161</td>
<td>3,390</td>
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<td>489 - 788 cases</td>
<td>2,876,766</td>
<td>64,302</td>
<td>2,857</td>
<td>3,087</td>
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<tr>
<td>789+ cases &amp; above</td>
<td>6,626</td>
<td>64,302</td>
<td>6,626</td>
<td>6,626</td>
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<tr>
<td>Total INBOUND Handi</td>
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<td>13,009,940</td>
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## STORAGE SUMMARY:

<table>
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<tr>
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<th>Total Cost Volume</th>
<th>SUPPLIER COSTS</th>
<th>MHLEC COSTS</th>
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</thead>
<tbody>
<tr>
<td>Cases 86 - 165 Days</td>
<td>58,150,014</td>
<td>63,062</td>
<td>58,150,014</td>
</tr>
<tr>
<td>Cases 166 - 325 Days</td>
<td>20,349,050</td>
<td>63,062</td>
<td>20,349,050</td>
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<tr>
<td>Cases 326+ Days</td>
<td>18,365,772</td>
<td>63,062</td>
<td>18,365,772</td>
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<td>Cases on Hold Status&gt;365</td>
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<td>63,062</td>
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<tr>
<td>Allocated products</td>
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<tr>
<td>Allocated products 7</td>
<td>20,349,050</td>
<td>63,062</td>
<td>20,349,050</td>
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<tr>
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<td>63,062</td>
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<tr>
<td>Allocated products 7</td>
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<td>Total STORAGE</td>
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## OUTBOUND SUMMARY:

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<th>Total EL Volume</th>
<th>SUPPLIER COSTS</th>
<th>MHLEC COSTS</th>
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</thead>
<tbody>
<tr>
<td>Cases 86 - 165 Days</td>
<td>30,590,000</td>
<td>30,590</td>
<td>30,590</td>
</tr>
<tr>
<td>Cases 166 - 325 Days</td>
<td>12,730,000</td>
<td>12,730</td>
<td>12,730</td>
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<tr>
<td>Cases 326+ Days</td>
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<td>Cases on Hold Status&gt;365</td>
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<tr>
<td>Allocated products</td>
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<td>17,100</td>
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<tr>
<td>Allocated products 7</td>
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<tr>
<td>Total OUTBOUND</td>
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## ACCESSORIAL MATERIAL:

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<td>H/WATCH PER CASE - SMALL</td>
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<td>H/WATCH PER CASE - LARGE</td>
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<td>477</td>
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<tr>
<td>STRO PER CASE - SMALL</td>
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<td>STRO PER CASE - LARGE</td>
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<td>R/C/P STRO PER CASE - SMALL</td>
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<td>R/C/P STRO PER CASE - LARGE</td>
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<td>DUPLICATE LABELS</td>
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<td>TOTAL MINUTE CHARGES</td>
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## SUPPLIER COSTS:

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<tr>
<th>Description</th>
<th>SUPPLIER COSTS</th>
<th>MHLEC COSTS</th>
</tr>
</thead>
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<td>Costs Borne by Suppliers</td>
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<tr>
<td>TOTAL ESTIMATED COST</td>
<td>17,000,732</td>
<td>17,000,732</td>
</tr>
</tbody>
</table>
Scott Lyons
Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

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

www.exel.com
Thanks.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416

---

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

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---

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
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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
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]

---

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.
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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

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

CONFIDENTIALITY NOTICE
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
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]

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.

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

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I received your note and we will be back to you with any questions tomorrow by noon.

Did you receive my note on the presentation agenda?

Thanks,

Scott Lyons

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

www.exel.com

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.

Please consider the environment before printing this e-mail.

Craig W. Buikley
Director
Division of Administration
NH State Liquor Commission
  (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
  buikley@liquor.state.nh.us

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December 26, 2012 2  Exel 000826
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: 416 416-416

www.exel.com
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]

---

Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>

Subject: RE: Exel Financial Analysis Confirmation

Craig W. Bulkley

From: Craig W. Bulkley
Sent: Thursday, July 19, 2012 12:00 PM
To: Scott Lyons (EXEL CA)
Cc: George P. Tsiopras

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.

Please consider the environment before printing this e-mail.
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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
REAL ESTATE PURCHASE AGREEMENT

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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  

www.exel.com
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

---

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

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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, July 26, 2012 9:03 AM
To: Craig W. Bulkley
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

www.exel.com
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]

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

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Thanks,
Scott Lyons

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Mississauga, Ontario
LSR 3R3
Canada

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

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### APPENDIX E

**GENERAL STANDARDS AND REQUIREMENTS**

**AGREEMENT**

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

#### GENERAL PROVISIONS

<table>
<thead>
<tr>
<th>1 1 State Agency Name</th>
<th>1 2 State Agency Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Hampshire State Liquor Commission</td>
<td>P.O. Box 503, 50 Store St., Concord, NH 03302-0503</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1 3 Contractor Name</th>
<th>1 4 Contractor Address</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</table>

<table>
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<tr>
<th>1 5 Contractor Phone Number</th>
<th>1 6 Account Number</th>
<th>1 7 Completion Date</th>
<th>1 8 Price Limitation</th>
</tr>
</thead>
<tbody>
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<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1 9 Contracting Officer for State Agency</th>
<th>1 10 State Agency Telephone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>George Petipas, CFO</td>
<td>603-230-7010</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1 11 Contractor Signature</th>
<th>1 12 Name &amp; Title of Contractor Signatory</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 13 Acknowledgement: State of [State], County of [County], On [Date], before the undersigned officer, personally appeared the person identified in block 112, or satisfactorily proven to be the person whose name is signed in block 111, and acknowledged that she executed this document in the capacity indicated in block 112.

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

Joseph W. Mollot, Chairman

M. Boll, Commissioner Michael R.

Mulligan, Commissioner

1 15 Name/Title of State Agency Signatory

1 16 Approval by the N.H. Department of Administrative Services, Division of Personnel (if applicable)

By: [Signature] On [Date]

1 17 Approval by Attorney General (Form, Substance, and Execution)

By: [Signature] On [Date]

1 18 Approval by Governor and Council

By: [Signature] On [Date]
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 Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services 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 arrears.

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 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 NBSLC, rates shall not change until the Completion Date. The payment by the State of the contract price shall be the only and the complete remuneration 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 Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-e 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 States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations 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 successor, shall be the State’s 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 that 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. Any one or more of the following acts or omissions 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 a time period of three (3) days from the date of notice, and if the Event of Default is not timely remedied, terminate this Agreement effective one (1) day 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 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 owes 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/PRESERVATION.

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, formulae, 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 termination 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, and excluding 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. 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 on 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 $250,000 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). Paragraph 14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 100% 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
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 modification 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 Worker's Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified 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 hereof 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 hereeto to the other 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 instrument 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 by 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

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>CONTRACTOR</th>
<th>THE NHSLC</th>
<th>CUMULATIVE ALLOTTED TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>Name</td>
<td>Director</td>
<td>5 Business Days</td>
</tr>
<tr>
<td>Title</td>
<td>Division of Marketing, Merchandising &amp; Warehousing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>-----------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second Name</td>
<td>NHSLC Chairman</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Title</td>
<td>15 Business Days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 balance 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.
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

www.exel.com
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]

---

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. Buikley
Director
Division of Administration
NH State Liquor Commission
[mailto:cbuikley@liquor.state.nh.us]

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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

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

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

www.exel.com
In our meeting yesterday I thought I heard Steve Judge indicate that if we could not agree on a new rate at any 30 month interval that this would be a material breach and lead to early termination. I am not able to follow this perspective in the current contract language. There appears to be a contract protest process that would come into play, and this process does not appear to lead to a material breach. Can you confirm for us whether it is the NHSLC’s perspective that failure to agree on a rate leads to a material breach, and if so how that result would be reached?

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: Wednesday, September 05, 2012 11:11 AM
To: Craig W. Bulkley
Cc: Fred Takavitz (Exel US)
Subject: RE: Contract Award Extension

We do require additional time to respond to this question. Would end of day be acceptable?

Thanks,
Scott Lyons

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

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, August 31, 2012 4:18 PM
To: Fred Takavitz (Exel US); Scott Lyons (EXEL CA)
Subject: Contract Award Extension

Fred:

The Evaluation Committee has a question that you need to answer.

The question is: What additional costs would be incurred if the contract was not awarded until November 14, 2012? What would be the impact on your grand total costs over the initial 30-month term?

We would like a response by 12:00 noon on Wednesday, September 5, 2012. If, however, a small amount of additional time is required, please let us know.

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

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Thanks for the note. It will help us with drafting our language.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416

---

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Wednesday, September 05, 2012 12:52 PM
To: Scott Lyons (EXEL CA)
Cc: George P. Tsiopras; John D. Bunnell; Hastings, Peter; Stephen J. Judge; Judge, Steve
Subject: RE: Contract Question

Scott:

This is why what we say doesn’t count; it’s what we put in writing. You are correct that there is a contract protest process contained on Page 66 of the RFP. There is also a rate changes provision at Section 1.10.4 on Page 11 of the RFP. Section 1.10.4 provides for termination of the contract if either party fails to negotiate in good faith. You are correct, that is not the scenario we were discussing.

To be more exact, if there is no agreement on rates, it is possible that there will be no resolution through the contract protest process. At that point, we are left with a standoff or a party could seek judicial intervention or some other remedy.

As we discuss this, we are not quite sure how we arrive at the scenario where Exel is able to get out of the contract thus creating the need for some entity to assume the lease.

If we have accurately captured your quandry, the language you propose should create the ability for Exel to get out of the contract under certain circumstances. It should then go on to describe how the lease will be assumed by some other party. As we write this, the possibility of the Attorney General agreeing to such a provision becomes less likely. But, let’s see what you can do.
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From: Scott Lyons (EXEL CA)  [mailto:Scott.Lyons@exel.com]
Sent: Wednesday, September 05, 2012 12:35 PM
To: Craig W. Buikley
Cc: Fred Tzakavas (EXEL US); Maria Tzagournis (EXEL US); Greg Foreman (EXEL US)
Subject: Contract Question

In our meeting yesterday I thought I heard Steve Judge indicate that if we could not agree on new rate at any 30 month interval that this would be a material breach and lead to early termination. I am not able to follow this perspective in the current contract language. There appears to be a contract protest process that would come into play, and this process does not appear to lead to a material breach. Can you confirm for us whether it is the NHSLC’s perspective that failure to agree on a rate leads to a material breach, and if so how that result would be reached?

Thanks,
Scott Lyons

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

Telephone: 905 366-7691
Mobile: 416 123-4567

www.exel.com
We see three options for the NHSLC regarding not awarding the contract until November 14, 2012.

Option 1 – Extend your current contract with the incumbent provider until February 28, 2014.
   - We do not recommend starting up the new operation during the holiday season. February 28, 2014 provides the month of January to stock the new facility, and the month of February to ramp-up services to the stores from the new facility
   - Construction would commence in the spring time
   - There are no additional costs from Exel under this option
   - Based on the difference in the rates Exel is proposing and the rates the incumbent will be charging as of January 1, 2013 this represents a cost to the industry of approximately $1,100,000 across the 5 month extension

Option 2 – Sign an Reimbursement Indemnification Agreement authorizing Exel to expend funds towards key tasks needed to protect the current timeline
   - The customer pledges to reimburse us for any authorized expenditures that we make if we do not reach agreement on a contract
     - The expenditures between September 14th and October 14th will be $100,000 for environmental studies, soils analysis, and civil engineering work
     - The expenditures between October 15th and November 14th will be $150,000 for structural steel and architectural drawings
   - There are no additional costs from Exel under this option

Option 3 – Begin construction in the winter
   - Studies, drawings and permitting activities will start as of November 15th
   - We would commence construction once permits received likely in mid-January
   - This represents a $500,000 increase to the building costs which will equate to an $80,000 increase in our grand total costs over the initial 30-month term. This $80,000 would also be factored into future 30-month term rates
   - The time frame for studies, drawing, and permitting is 2 months in this option. This is less time than originally estimated. We believe it is doable, but does carry some risk
   - We will be operating in winter conditions and fast tracking the construction work. Again, we believe we will still finish on time, but does carry additional risk. We still are maintaining weather delay days in the schedule
   - The timeframe to transfer product and fully ramp-up services to stores from the new facility is 7 weeks. This will require coordination and cooperation from the incumbent provider and the staff at your Concord facility

We trust this adequately answers your question. Please do not hesitate to contact us if you have further questions.

Sincerely,
Scott Lyons

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

The Evaluation Committee has a question that you need to answer.

The question is: What additional costs would be incurred if the contract was not awarded until November 14, 2012? What would be the impact on your grand total costs over the initial 30-month term?

We would like a response by 12:00 noon on Wednesday, September 5, 2012. If, however, a small amount of additional time is required, please let us know.

Thank you.
My savings figure for option 1 should be approximately $3 million not the lower figure from my earlier email.

We thought this option and the associated cost figure would be helpful in your discussions.

Cheers,
Scott Lyons

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

---

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) 480-1559
cbulkley@liquor.state.nh.us

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We trust this adequately answers your question. Please do not hesitate to contact us if you have further questions.

Sincerely,
Scott Lyons

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

From: Craig W. Bulkeley [mailto:cbulkeley@liquor.state.ph.us]
Sent: Friday, August 31, 2012 4:18 PM
To: Fred Takavitz (Exel US); Scott Lyons (EXEL CA)
Subject: Contract Award Extension

Fred:

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The question is: What additional costs would be incurred if the contract was not awarded until November 14, 2012? What would be the impact on your grand total costs over the initial 30-month term?

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Thank you.

Please consider the environment before printing this e-mail.

Craig W. Bulkeley  
Director  
Division of Administration  
NH State Liquor Commission  
☎ (603) 230-7008  
FAX (603) 271-3897  
Cell: (603) 490-1559  
✉ cbulkeley@liquor.state.nh.us

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Regarding option 1

- You are correct – the correct timeframe is four months
- The calculation assumes the grand total costs across the 30 month period for Exel of $25,500,000, and the rates that are scheduled to go into effect as of January 1, 2013 which equate to a grand total cost of $34,723,428. The difference across the 30 months is $9,223,428. For four months this equates to $1,229,790. To the extent the rates under the extension are different than the rates that will go in effect January 1, 2013, or the final pricing agreed to between the NHSLC and Exel is different, the potential costs estimate will vary. Our goal here was to show an order of magnitude impact for an extension to February 28, 2014.

Regarding option 3

- All transfers will be completed, and all functions will be operating in a smooth production mode at the new warehouse by October 31, 2013

I trust this clarifies our response. If you have further questions please do not hesitate to contact us.

Sincerely,
Scott Lyons

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

Scott:

I need you to clarify your response in Option 1 and Option 3:

Option 1:

Extending the current contract from November 1, 2013 to February 28, 2014 is four months, not five. So, your last bullet under this option is not showing the correct timeframe. Further, we are not clear how you are making your calculation as you don’t know what the new rates will be under this four month extension.

Please clarify your calculations, provide a specific total amount and how you arrived at the cost for the four-month extension. You cannot assume that the current vendor’s rates will not change from the rates in effect at the end of the current contract (October 31, 2013). His rates will undoubtedly go up from the rates that go into effect on January 1, 2013.
Option 3:

In your fifth bullet, you indicate that you believe you will finish on time with some risk involved. We need a specific statement that says when you will finish based on the factors identified in this option.

Please get a response to us by noon tomorrow, 9/7. Thanks.

Please consider the environment before printing this e-mail.

Craig W. Bulkeley
Director
Division of Administration
NH State Liquor Commission
☎️ (603) 230-7008
Fax: (603) 271-3897
Cell: (603) 490-1559
✉️ cbulkeley@liquor.state.nh.us

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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, September 06, 2012 10:17 AM
To: Craig W. Bulkeley
Subject: RE: Exel - Contract Award Extension

My savings figure for option 1 should be approximately $3 million not the lower figure from my earlier email.

We thought this option and the associated cost figure would be helpful in your discussions.

Cheers,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 ____________

From: Craig W. Bulkeley [mailto:cbulkeley@liquor.state.nh.us]  
Sent: Thursday, September 06, 2012 8:01 AM  
To: Scott Lyons (EXEL CA)  
Subject: RE: Contract Award Extension  

Received; thank you
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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Wednesday, September 05, 2012 5:37 PM
To: Craig W. Buikley
Cc: Fred Takavve (Exel US)
Subject: RE: Contract Award Extension

We see three options for the NHSLC regarding not awarding the contract until November 14, 2012.

Option 1 – Extend your current contract with the incumbent provider until February 28, 2014.
- We do not recommend starting up the new operation during the holiday season. February 28, 2014 provides the month of January to stock the new facility, and the month of February to ramp-up services to the stores from the new facility
- Construction would commence in the spring time
- There are no additional costs from Exel under this option
- Based on the difference in the rates Exel is proposing and the rates the incumbent will be charging as of January 1, 2013 this represents a cost to the industry of approximately $1,100,000 across the 5 month extension

Option 2 – Sign an Reimbursement Indemnification Agreement authorizing Exel to expend funds towards key tasks needed to protect the current timeline
- The customer pledges to reimburse us for any authorized expenditures that we make if we do not reach agreement on a contract
  - The expenditures between September 14th and October 14th will be $100,000 for environmental studies, soils analysis, and civil engineering work
  - The expenditures between October 15th and November 14th will be $150,000 for structural steel and architectural drawings
- There are no additional costs from Exel under this option

Option 3 – Begin construction in the winter
- Studies, drawings and permitting activities will start as of November 15th
- We would commence construction once permits received likely in mid-January
- This represents a $500,000 increase to the building costs which will equate to an $80,000 increase in our grand total costs over the initial 30-month term. This $80,000 would also be factored into future 30-month term rates
- The time frame for studies, drawing, and permitting is 2 months in this option. This is less time than originally estimated. We believe it is doable, but does carry some risk
- We will be operating in winter conditions and fast tracking the construction work. Again, we believe we will still finish on time, but does carry additional risk. We still are maintaining weather delay days in the schedule
- The timeframe to transfer product and fully ramp-up services to stores from the new facility is 7 weeks. This will require coordination and cooperation from the incumbent provider and the staff at your Concord facility
We trust this adequately answers your question. Please do not hesitate to contact us if you have further questions.

Sincerely,
Scott Lyons

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

---

From: Craig W. Buikley [mailto:cbuikley@liquor.state.nh.us]
Sent: Friday, August 31, 2012 4:18 PM
To: Fred Takavitz (Exel US); Scott Lyons (EXEL CA)
Subject: Contract Award Extension

Fred:

The Evaluation Committee has a question that you need to answer.

The question is: What additional costs would be incurred if the contract was not awarded until November 14, 2012? What would be the impact on your grand total costs over the initial 30-month term?

We would like a response by 12:00 noon on Wednesday, September 5, 2012. If, however, a small amount of additional time is required, please let us know.

Thank you.

Please consider the environment before printing this e-mail.

Craig W. Buikley
Director
Division of Administration
NH State Liquor Commission
📞 (603) 230-7008
fax (603) 271-3897
Cell: (603) 490-1559
📧 cbuikley@liquor.state.nh.us

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From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Tuesday, September 11, 2012 1:59 PM
To: Craig W. Bulkley
Cc: Fred Takavitz (Exel US)
Subject: Revenue Sharing

We wish to confirm that our systems are capable of maintaining two rates for each warehouse service. One rate will be the amount charged to the industry, and the second rate will be the compensation Exel keeps for providing the service. Our systems will track the revenues charged to the industry, track the associated revenues that should be held by Exel, and calculate the difference that will be payable by Exel to the NHSLC as revenue sharing. Further, our systems provide the ability to adjust the rates charged to industry as per direction from the NHSLC.

I trust this answers your question. Please do not hesitate to contact me for further clarification if required.

Sincerely,
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, 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

December 26, 2012

Exel 000890
Would you have 10 minutes for a quick discussion with Fred and I this afternoon at 2:30. We want to ensure there are no questions from our note on Thursday evening, and get an understanding of the next steps.

Thanks,
Scott Lyons

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

---

Received; thank you

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---

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, September 13, 2012 5:25 PM
To: Craig W. Bulkley
Cc: Fred Takavitz (Exel US)
Subject: Exel - 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 oblige 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.

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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

www.exel.com
Thank-you and we look forward to speaking on Monday. Have a nice weekend.

Cheers,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416...
Would you have 10 minutes for a quick discussion with Fred and I this afternoon at 2:30. We want to ensure there are no questions from our note on Thursday evening, and get an understanding of the next steps.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 ________

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, September 14, 2012 10:58 AM
To: Scott Lyons (EXEL CA)
Subject: RE: Excel - Follow-up from Monday’s call

Received; 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

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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, September 13, 2012 5:25 PM
To: Craig W. Bulkley
Cc: Fred Takavits (Exel US)
Subject: Excel - 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
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I sent a note earlier this week confirming our ability to revenue share
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Asset Backing

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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)”.

December 26, 2012

Exel 000896
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: Craig W. Bulkley <cbulkley@liquor.state.nh.us>
Sent: Friday, December 07, 2012 5:42 PM
To: Nicholas K. Holmes
Subject: Excel Email - Part VII
Attachments: Email Record; Email Record; Email record; List of Items to be Updated; FW: Agenda EXEL
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

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Great.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 

www.exel.com

---

From: Stephen J. Judge  
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  
Sent: Tuesday, July 31, 2012 2:31 PM  
To: Craig W. Bukley  
Cc: Stephen J. Judge; Judge, Steve; Kathleen Davies (DHL US); Maria Tzogournis (EXEL US); Fred Tzekovitz (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 

---

From: Craig W. Bukley  
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. Builkley  
Director  
Division of Administration  
NH State Liquor Commission  
☎️ (603) 230-7008  
FAX (603) 271-3897  
Cell (603) 490-1559  
📧 cbuilkley@liquor.state.nh.us

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From: Stephen J. Judge  
Sent: Tuesday, July 31, 2012 1:32 PM  
To: Craig W. Builkley  
Subject: Excel 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

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I got it!

Scott Lyons

Telephone: 905 366-7691
Mobile: 416

www.exel.com

---

From: Stephen J. Judge <mailto:stephen.j.judge@liqor.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
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

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Wonderful news. We look forward to responding.

Cheers,

Scott Lyons

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

www.exel.com

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
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Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>

Monday, July 23, 2012 2:56 PM

Stephen J. Judge
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

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From: Stephen J. Judge  
Sent: Friday, July 20, 2012 3:55 PM  
To: ‘Scott Lyons (EXEL CA) ’  
Cc: Craig W. Buikley  
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

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December 26, 2012
Scott Lyons
Exel
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada
Telephone: 905 366-7691
Mobile: 416 [redacted]

www.exel.com
We are considering a reduction to our $28,000,000 figure. Prior to being able to do so we would like the opportunity to discuss the contract dispute process. In particular, is there an opportunity to have a step between the NHSLC Commissioner and going to court, and what happens if there is a dramatic reduction in volumes.

Would Monday be an option?

Thanks and have a wonderful weekend.
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 678-9012

Scott,

For the record, I want to confirm that your financial offer is $28,080,000 for the first 30 months. This includes $80,000 that will be used to begin to recover a cost of $500,000 for the later contract award. Is this correct?

I believe we were clear that you intended to recover the $500,000 and no more. Therefore you would recover the balance over the next seven, thirty month periods. The remaining amount will be $420,000. Over seven periods this works out to $60,000 a period. Is this correct?

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
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E-mail: stephen.j.judge@liquor.state.nh.us

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Yes you have accurately captured our discussion.

Thank-you.
Scott Lyons

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

----------------------------------

From: Stephen J. Judge [mailto:stephen.j.judge@liquor.state.nh.us]
Sent: Thursday, October 25, 2012 3:43 PM
To: Scott Lyons (EXEL CA)
Cc: John D. Bunnell; Craig W. Bulkley
Subject: RE: Performance bond

Dear Scott,

I want to sharpen our conversation from yesterday. I failed to make a crucial point during our discussion. I am the AG’s legal consultant to the Evaluation Committee. The AG, however, has the final say on all legal issues. I will recommend to the AG’s office that the P-37 contract (RFP Exhibit E) be modified in two ways.

One, the parties mutually agree to waive consequential and indirect damages.

Two, In the event of a material breach that involves the payment of a penalty, the Vendor shall pay the penalty. If the Vendor fails to pay the penalty within a reasonable time, the NHSLC shall recover the penalty from the performance bond, provided, however, that the Vendor restores the bond to its original or any increased amount within a reasonable time.

I expect that the terms will be clarified to a specific time. Let me know if I have accurately captured the discussion.

In addition, I will recommend that RFP section 1.10.4 and Paragraph 25 on pages 65-67 of the RFP be clarified so that the parties have access to the contract protest process in the event of a good faith impasse on rate negotiations and that the protest process may continue past the Chairman of the NHSLC to include the Merrimack County Superior Court and the New Hampshire Supreme Court.

Again, let me know, if I have accurately captured the discussion.

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
Hi Steve,

We are looking for confirmation that we will add wording to the contract to clarify that the performance bond would be drawn upon in the event of a material breach for the amount of damages owed. Please confirm our conversation in writing.

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
I received both your notes today. I will be back with confirmation by tomorrow.

Thanks!
Scott Lyons

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

Scott,

For the record, I want to confirm that your financial offer is $28,080,000 for the first 30 months. This includes $80,000 that will be used to begin to recover a cost of $500,000 for the later contract award. Is this correct?

I believe we were clear that you intended to recover the $500,000 and no more. Therefore you would recover the balance over the next seven, thirty month periods. The remaining amount will be $420,000. Over seven periods this works out to $60,000 a period. Is this correct?

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

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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

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

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---

**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_______

---

**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

December 26, 2012

Exel 000916
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 ****

Craig W. Buitkley
Director

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As you requested, we canvassed our emails and letters and tried to capture the list of items to be updated in the contract.

We would suggest you lead the conversation, but we can cross-tab our list at the appropriate point.

Thanks,
Scott Lyons

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

Telephone: 905 366-7691
Mobile: 416 444-4444

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NHSLC List of Items to be Updated in the Contract V2 Nov 9 2012

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)
   - 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)
   - 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)
   - 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
   - See Oct 25th email from Steve Judge: Re: Performance bond

5. Amount of the contract performance bond (budgeted for $1million) (Business)
   - 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)
   - See Aug 10th email from Craig Bulkley: Best & Final Offer Follow-up
   - See our best and final offer

1 of 4
7. Exclusivity (internal discussion point) (Legal)
   - See Nov 2\textsuperscript{nd} email from Scott Lyons: Financial BAFO w/ extension
   - See our fine tuned best and final offer
   - See Aug 10\textsuperscript{th} 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)
   - See Aug 2\textsuperscript{nd} 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)
   - See Aug 3\textsuperscript{rd} email from Craig Bulkley: Questions Posed by Vendors

10. Employees will submit to a reasonable background check (Legal)
    - See Aug 3\textsuperscript{rd} email from Craig Bulkley: Background Check
    - See our best and final offer

11. Rate Changes (Legal / Business)
    - 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 10\textsuperscript{th} email from Craig Bulkley: Best & Final Offer Follow-up
    - See Nov 2\textsuperscript{nd} 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
NHSLC List of Items to be Updated in the Contract V2 Nov 9 2012

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)
   - See Nov 8th email from Scott Lyons: Transition costs

13. KPIs and penalties – service failures do not lead to breach (Business)
   - See Nov 2nd email from Scott Lyons: Financial BAFO w/ extension

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target Level</th>
<th>Minimally Acceptable Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods available for sale on time</td>
<td>98%</td>
<td>&lt;90%</td>
</tr>
<tr>
<td>Goods loaded for shipment on time</td>
<td>98%</td>
<td>&lt;92%</td>
</tr>
<tr>
<td>Order completeness</td>
<td>98.5%</td>
<td>&lt;90%</td>
</tr>
<tr>
<td>Order accuracy</td>
<td>98.5%</td>
<td>&lt;92%</td>
</tr>
</tbody>
</table>

- 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)
   - 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)
   - See Sep 11th email from Scott Lyons: Revenue sharing
NHSLC List of Items to be Updated in the Contract V2 Nov 9 2012
Scott & Fred:

Here is a suggested agenda along with some of the documents you need to start pulling together and getting to us. Look forward to talking tomorrow at 10 AM.

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Intro of participants
Ground rules
Contract Basics: RFP + Proposal + emails & clarifications
Identify emails
Amount of Performance Bonds Transition & Performance
30 month rate change negotiation process
Review of rates after initial 30 month period
NHSLC ability to raise rates
Contents of Ex. A
Contents of EX. B

Documents:
Warehouse License Application
Certificate of good standing from Secretary of State
Certificate of Vote
Insurance Certificate from your insurance company
Background check
Performance Bond
Transition Bond

******************************************************************************

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
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E-mail: sjudge@wadleighlaw.com
E-mail: stephen_jjudge@liquor.state.nh.us

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We appreciated the opportunity to get clarity on how the transition will be handled. I captured the short summary below to ensure we are on the “same page”

- In summary, we will begin receiving product from suppliers prior to November 1st. We will charge them the inbound receiving charge, and begin calculating the storage charge from the time the product enters the warehouse. It is the supplier’s responsibility to ensure there is adequate product in the warehouse to begin shipments on November 1st. We will work with the suppliers to coordinate in their shipments.

- The current plan is that we will begin shipments for all products and all stores on November 1st. As we progress our learning of your business we may wish to present an option for a graduated ramp-up of stores. We recognize that this would require the cooperation of the incumbent for the products they handle as contractually their term finishes on October 31st.

- Once the current warehouses stop shipping products there will be a requirement to move any remaining products into our warehouse. The exact methodology and timing of doing so will need to be worked out. Supplier will have already paid an inbound receiving charge to the incumbent. Therefore we cannot charge an inbound receiving charge to the suppliers. As per your question as to how much we would charge you to receive these products into our warehouse – we propose the following two tiered rate plan. We will work together to minimize the cases that need to be transferred by encouraging suppliers to ship their Christmas stock into our warehouse which should be available to receive products after October 1st.
  - 0 – 50,000 cases received - no charge
  - Each case above 50,000 cases received - $0.50 per case

We would also like to point out that - though not part of the warehouse costs - you may wish to consider the relative transportation costs from locating a warehouse outside of Concord. As we discussed in our original proposal Concord is the centre of gravity for the shipment of products to stores. In our efforts to develop the ideal solution we canvassed available sites in New Hampshire and compared them to the centre of gravity as there is often a dynamic balance between the lease cost and the transportation costs as one moves away from the centre of gravity. In particular, we examined existing sites in Merrimack, Nashua, and Seabrook. Our engineers calculated the following transportation costs associated with the three locations we reviewed. Since we are building a new site as part of our proposal we focused on land in or around Concord to minimize transportation costs.
  - The Merrimack location resulted in an additional transportation cost of $28,000 annually ($70,000 over 30 months)
  - The Nashua site resulted in an additional transportation cost of $40,000 annually ($100,000 over 30 months)
  - The Seabrook location resulted in an additional transportation cost of $147,000 annually ($368,000 over 30 months)

We look forward to speaking again at 2:30.

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
Sorry for the grammar error in the third bullet. The corrected version is:

- Once the current warehouses stop shipping products there will be a requirement to move any remaining products into our warehouse. This is likely to be in the range of 35,000 cases, but this is just an estimate. The exact methodology and timing of doing so will need to be worked out. Supplier already paid an inbound receiving charge to the incumbent. Therefore we cannot charge an inbound receiving charge to the suppliers. As per your question as to how much we would charge you to receive these products into our warehouse – there will be no charge to you to receive the cases from the incumbent or your warehouse as part of the transition.

Thanks,
Scott Lyons

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

---

We appreciated the opportunity to get clarity on how the transition will be handled. I captured the short summary below to ensure we are on the “same page”

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- The current plan is that we will begin shipments for all products and all stores on November 1st. As we progress our learning of your business we may wish to present an option for a graduated ramp-up of stores. We recognize that this would require the cooperation of the incumbent for the products they handle as contractually their term finishes on October 31st.

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We would also like to point out that - though not part of the warehouse costs - you may wish to consider the relative transportation penalty from locating a warehouse outside of Concord. As we discussed in our original proposal Concord is the centre of gravity for the shipment of products to stores. A Merrimack location incurs $28,000 in additional transportation costs annually. Nashua results in $40,000 higher transport costs annually, and Seabrook generates $147,000 of additional transportation cost annually ($368,000 over 30 months).

We look forward to speaking again at 1:30.

Cheers,

Scott Lyons

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

Telephone: 905 366-7691
Mobile: 416

www.exel.com
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We would also like to point out that - though not part of the warehouse costs - you may wish to consider the relative transportation penalty from locating a warehouse outside of Concord. As we discussed in our original proposal Concord is the centre of gravity for the shipment of products to stores. A Merrimack location incurs $28,000 in additional transportation costs annually. Nashua results in $40,000 higher transport costs annually, and Seabrook generates $147,000 of additional transportation cost annually ($368,000 over 30 months).

We look forward to speaking again at 1:30.

Cheers,

Scott Lyons

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

Telephone: 905 366-7691
Mobile: 416 [redacted]
Attached please find the rate calculation template that equates to $27,000,000 over the 30 months.

These costs will contain all the costs for the first 30 months.

Just to be completely transparent and open there are costs associated with the transfer of product that will be incurred prior to the first 30 months. Here is what we provided in our Best and Final offer on August 3rd: “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.” Once the transition plan is agreed we can provide an estimate of our costs associated with the transfer of product. The NHSLC will need to obtain a similar estimate from the incumbent provider.

Also, we confirm that the facility in our proposal (on Route 3A in Bow) and the solution for providing all services required by the RFP will be fully operational on or before October 31, 2013 – this assumes the NHSLC signs the contract by November 14th.

We trust this meets your needs. If you have any questions please give me a call or send me an email.

Cheers,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416

---

Dear Scott,

We are coming closer to the finish line. We need one more visit to the rate calculation template. For the last several rounds we have asked you to reduce your grand total without having you change your rates. In order to be certain that we are on the same page, we need you to take your BAFO of $27,000,000 and convert your rates using the volume estimates we have provided to support the BAFO number. We also want to make doubly certain that the rate calculation sheet you produce will contain all the costs for the first 30 months. **We need this ASAP, no later than 8 AM tomorrow, 11/8.**

Please call if you have any questions.
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# Summary of RFP Proposal - 1st 90 months

## ONE WAREHOUSE

<table>
<thead>
<tr>
<th>Total Est. Volume</th>
<th>Total Est. Volume</th>
<th>SUPPLIER COSTS</th>
<th>NHSLC COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1st 30 Months)</td>
<td>(1st 20 Months)</td>
<td>$2,638,848</td>
<td>$1,685,068</td>
</tr>
</tbody>
</table>

## INBOUND HANDLING SUMMARY:

- **1 - 180 cases per code:**
  - Cases 1 - 180 Days: 36,330,464 cases
  - Cases 181 - 365 Days: 3,092,692 cases
  - Cases 366+ Days: 2,537,721 cases

- **Cases on Hold Status <365:**
  - Cases on Hold Status <365: 956,959 cases
  - Cases on Hold Status >365: 12,000 cases

- **Allocated products <64:**
  - Allocated products <64: 4,000,000 cases

- **Allocated Products 65+:**
  - Allocated Products 65+: 35,415 cases

- **Pallet Packs 1-94:**
  - Pallet Packs 1-94: 19,097 cases

- **Pallets on Hold Status <365:**
  - Pallets on Hold Status <365: 956,959 cases

- **Pallets on Hold Status >365:**
  - Pallets on Hold Status >365: 12,000 cases

- **TOTAL STORAGE:**
  - TOTAL STORAGE: 63,991,930 cases

## OUTBOUND SUMMARY:

- **Single Carton:**
  - 1,479,098 cases

- **Non-Automatic Orders (Cases):**
  - 13,705,000 cases

- **TOTAL OUTBOUND:**
  - TOTAL OUTBOUND: 15,246,097 cases

## APPENDIX:

- **Suppliers:**
  - NHSLC per CASE - Small: 122 cases
  - NHSLC per CASE - Large: 477 cases
  - STRS per CASE - Small: 47 cases

- **Blankets:**
  - Blankets: 1,152 cases

- **Extra Labor & Equipment:**
  - Extra Labor & Equipment: 910 cases

- **Special Reports:**
  - Special Reports: 8,038 cases

<table>
<thead>
<tr>
<th>Total Est. Volume</th>
<th>Total Est. Volume</th>
<th>SUPPLIER COSTS</th>
<th>NHSLC COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1st 30 Months)</td>
<td>(1st 20 Months)</td>
<td>$3,473,852</td>
<td>$2,681,249</td>
</tr>
</tbody>
</table>

## Alternate Rate Sheet - Costs Based on Suppliers

- **Total Estimated Cost:**
  - $12,000,000

---

December 26, 2012

Exel 000934
Just want to let you know that the rate sheet will be sent this evening in time for you to review by 8 am tomorrow.

Also, as per our conversation today, we are all set to deliver our build to suit solution.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416

www.exel.com
From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Wednesday, November 07, 2012 12:24 PM
To: Craig W. Bulkley
Cc: Fred Takavitz (Exel US)
Subject: RE: Urgent Request

Thanks Craig – I got your note. We will be back to you shortly.

Scott Lyons

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

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Wednesday, November 07, 2012 12:21 PM
To: Scott Lyons (EXEL CA)
Cc: Fred Takavitz (Exel US)
Subject: Urgent Request
Importance: High

Dear Scott,

We are coming closer to the finish line. We need one more visit to the rate calculation template. For the last several rounds we have asked you to reduce your grand total without having you change your rates. In order to be certain that we are on the same page, we need you to take your BAFO of $27,000,000 and convert your rates using the volume estimates we have provided to support the BAFO number. We also want to make doubly certain that the rate calculation sheet you produce will contain all the costs for the first 30 months. **We need this ASAP, no later than 8 AM tomorrow, 11/8.**

Please call if you have any questions.

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

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December 26, 2012

1

Exel 000936
Hi Craig,

Fred and I would appreciate the opportunity to speak with yourself, and other members of the evaluation committee as you see fit today. Ideally 11:30 to 2:00 or 4:00 to 5:00, but we will make any time work that suits you and your team.

We have been making investments in certain activities regarding the real estate to protect our commitment to have the operation running by October 31, 2013.

There are a couple we need to make again this week and we would appreciate the opportunity to share the details.

Thanks,
Scott Lyons

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

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

www.exel.com
Just following up on your question about a list of some of our current customers. We presented several slides to this effect in the two presentations we gave: The July 24th presentation to the Evaluation Committee, and our August 23rd presentation to the Commissioners.

I captured the three slides into the attached powerpoint file.

I trust this answers your question. Please let me know if you have any further questions.

Thanks,
Scott Lyons

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Mobile: 416 766-8912

www.exel.com
## Some of Exel’s Customers

<table>
<thead>
<tr>
<th>Category</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>Home Depot, 7-Eleven, Walmart, AGLC, Toys &quot;R&quot; Us</td>
</tr>
<tr>
<td>Consumer</td>
<td>P&amp;G, Unilever, KRAFT, General Mills, LEGO, Newell Rubbermaid</td>
</tr>
<tr>
<td>Chemical / Energy</td>
<td>GE, ExxonMobil, DuPont, The Dow</td>
</tr>
<tr>
<td>Automotive / Industrial</td>
<td>Nissan, Ford, Chrysler, Michelin</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>Johnson &amp; Johnson, Bayer, Novartis, Philips</td>
</tr>
<tr>
<td>Technology</td>
<td>Nokia, Ericsson, IBM, HP, Dell</td>
</tr>
<tr>
<td>Exel Direct</td>
<td>Sears, Williams-Sonoma, Office Depot, HON</td>
</tr>
<tr>
<td>Exel Transportation</td>
<td>Frito-Lay, Diageo, Sysco, Sunkist</td>
</tr>
</tbody>
</table>

Confidential

December 26, 2012
Our Customers are Industry Leaders

P&G  Walmart  Ford  HP

HOME DEPOT  General Mills  Sears  Johnson & Johnson

Volkswagen  Bristol-Myers Squibb  Dell  Shell
Industry Specific Experience and Knowledge

- AGLC
- Diageo
- LCBO
- Pernod Ricard
- 7-Eleven
- Molson Coors
- Giorgio CCI
- Trade Team
- AB InBev
As the evaluation committee points out, if the contract does not terminate prior to expiry then there is no need for asset backing. We appreciate the NHSLC’s efforts to help us better understand the scenarios under which the contract may terminate early, and as appropriate clarify the contract to better articulate the situations that lead could lead to material default and/or breach. These include:

- The parties will have access to the contract protest process in the event of a good faith impasse on rate negotiations. This process ultimately finishes at the New Hampshire Supreme Court, and therefore does not end in contract termination. We have also discussed adding mediation (non-binding) into the process, and we will finalize how this might work in the contract negotiation phase.
- In addition to inflation, the rate review will consider changes in profile and volumes at every 30 month interval. The mechanics will be agreed in the contract negotiation process.
- Confirmation that our agreement with the NHSLC is exclusive for the distribution of wine and spirits in the State of New Hampshire except for wines produced in New Hampshire, and products purchased by the NHSLC. We may wish to maintain additional work in the state warehouse for a period of time and we will work together on this issue.
- We also clarified that service issues do not lead to material default and/or breach, but that there is an opportunity to more robustly define the metrics that describe an appropriate service level and associated penalties to the compel the provider to exceed the targets.
- We will be able to add language in the rate negotiation clause that acknowledges the impact of fixed costs to the rates. This is not a guarantee that they will be covered in all circumstances, just a recognition that fixed costs do not change in step with volumes. Of course, this is the case for volume increases and decreases.

The NHSLC also agreed to mutually waive consequential and indirect damages, and we clarified the conditions for drawing on the performance bond.

As you have pointed out, price is less than half the consideration for choosing a partner for the next twenty years. We feel we are uniquely qualified to assist the NHSLC achieve its goals across the 20 year term for the following reasons:

- Maximizing Net Income – Our role is to assist the Commission with maximizing its disbursements to the State.
  - We would suggest that our customers are our best example of our ability to provide consistently high quality and low cost service. Exel provides innovative distribution services to market leaders like Proctor & Gamble, Walmart, Ford, Dell..., and many of these relationships have existed for more than 20 years.
  - We have a disciplined, quantifiable and repeatable process to drive and achieve continuous improvement. We conducted 410 Continuous improvement Process workshops in 2011 – resulting in annual savings of over $61 million for our customers.
  - Our revenue sharing proposal provides the NHSLC an opportunity to generate profits from the operation of the private warehouse much as it does today with the state run facility.
  - We will utilize best practices such as labor management systems, and mechanization / automation from our other operations both within the adult beverage industry and beyond.

- Creating Certainty – the NHSLC can depend on Exel to consistently deliver high quality service.
  - Exel has extensive experience in the beverage alcohol industry. Some of our customers in this sector include the Alberta Gaming and Liquor Commission (AGLCLC), Diageo, 7-Eleven and Pernod Ricard. We believe you have had the opportunity to speak with the AGLCLC to better understand the quality of our operations.
We feel that there are 6 key consistent disciplines that are critical to our creating certainty for our customers. The overriding concept across these disciplines is that we constantly measure our performance, review our results for opportunities to improve, develop and implement action plans, and follow-up to ensure the improvement sticks:

- Performance measurement
- Process improvement
- Project management
- Quality assurance
- Customer satisfaction
- Employee engagement

Our solution is predicated on utilizing tier one IT systems. These systems are best in class and facilitate consistent and low cost operations.

Exel has the financial capability and stability to fulfill a long-term deal and to make investments in buildings, mechanization, and IT systems that increase efficiency and lower costs.

Exel has extensive functional resources. They are experts in their respective fields, and available to optimize the performance of this operation.

The management team who will manage this operation have greater than 20 years experience in the beverage alcohol industry.

- Providing Flexibility – Your business will change across the next 20 years and we will work alongside you to make the most of these changes
  - Our solution incorporates a custom built facility designed for the unique needs of the NHSLC across the next 20 years
  - We are building our solution around the needs of the NHSLC. Your operation does not have to fit into our business model or any of our current operations. When your needs change we will work with you to make certain our solution changes with you
  - If at some point across the 20 year term the NHSLC wishes to change to a more transparent commercial model we would be open to those discussions

We appreciate your working with us to better qualify the risks associated with this contract. We especially value the collaborative nature of our discussions. In recognition of these efforts we would like to amend our offer to $27,000,000. It is correct that we estimated that it would cost an additional $500,000 if the contract was not awarded by mid-September. Assuming the NHSLC signs the contract by November 14th, 2012, Exel will absorb the additional construction costs associated with the late contract award. This will save the Commission another $500,000.

We are very excited about the prospect of working with the Commission and are hopeful that you will entrust us with your business.

Please confirm receipt.

Sincerely,
Scott Lyons

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

Telephone: 905 366-7691
Mobile: 416

www.exel.com

December 26, 2012
Just a quick explanation of how we had drawn the conclusion that rates could change in the first 30 months if the actual data varies by more than 10% from the RFP data provided – just to show there was some logic to our thinking.

On August 3rd we went the attached Best and Final Offer. In this letter we stated:

(Page 2 of the letter)
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 then either party should have the opportunity to request a review of the rates. Exel proposes that materially is greater than 10%.

(page 8 of the letter)
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 then either party should have the opportunity to request a review of the rates. Exel proposes that materially is greater than 10%.

On August 8th we sent the attached email confirming that our rates would not change in the first 30 months (Exel BAFO Clarification).

On August 10th we received the attached email Best & Final Offer Follow-up. In this note it says “We understand your proposal regarding Section 1.10.4 – Rate Changes – Page 11 and, during the next phase, Contract Negotiation, are prepared to negotiate that item.

We wanted to review this point on our call yesterday to ensure that we both have clarity. This is a good example of the transparent and open manner in which we like to operate with our customers.

We understand your need to be able to compare like offers and will proceed under the condition that our rates will not change in the first 30 months.

Cheers,
Scott Lyons

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

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

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We withdraw our qualification that the rates will remain constant for 30 months.

Our BAFO will now be $2.02 on an aggregate cost per case basis (previously $1.98).

We will submit a revised rate sheet tomorrow with updated rates for each service that will aggregate to $2.02.

Please confirm receipt.

Scott Lyons

Telephone: 905 366-7691
Mobile: 416 420-1212
To: Scott Lyons (EXEL CA)
Subject: Excel BAFO Clarification

Scott:

The Evaluation Committee has tried to be clear that it wants the rates for the first 30 months to remain constant. When we asked you to confirm this issue in the BAFO, you stated that your rates will not change. Consistent with your prior positions, you then qualified this statement by suggesting that either party should have the opportunity to request a review of rates if the actual volumes or profile of work vary by 10% from the data provided by the NHSLC in the RFP.

The data provided by the NHSLC has always been identified as estimates. Even if we could agree on some workable review process, the NHSLC does not want to take the risk that volumes will decrease below the estimates. The NHSLC appreciates your point that it could enhance its revenue if volumes are greater than the estimates. Nevertheless, it does not want to take the risk.

By 10 AM tomorrow, please withdraw your qualification that the rates will remain constant for 30 months.

Please consider the environment before printing this e-mail.

Craig W. Bulkeley
Director
Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
✉ cbulkeley@liquor.state.nh.us

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Scott:

The following is the NHSLC’s effort to fine tune the proposals in order to identify the proposal(s) that best meet the needs of the State. **Your response is due by noon, Monday, August 13, 2012.**

1. **Financial**

Using the template from your BAFO, indicate whether you can reduce your Grand Total to $25,500,000. You may not change any other financial terms. You do not need to recalculate each rate that will support this number.

2. **RFP / Standard Contract**

We have resolved issues regarding the Transition Bond, the Performance Bond, and IT issues in Appendix K. We understand your proposal regarding Section 1.10.4 – Rate Changes – Page 11 and, during the next phase, Contract Negotiation, are prepared to negotiate that item. We are also prepared, during that phase, to discuss the requirements in Appendix E, Section 14.3 – Insurance – in regard to the requirement that the insurer provide notice no less than ten days prior to cancellation or modification of the policy.

In consultation with the Office of the Attorney General, the Commission makes the following clarifications. All other exceptions are rejected.

- Section 1.9 – Contract Performance Bond – Page 10 – The NHSLC understands that the proposed rates are based on a $1 million performance bond. If the NHSLC requires a higher bond, the NHSLC will engage in a good-faith negotiation of the proposed rates.
- Section 3.0.2 – Location of Product – Vendor-owned product produced by a vendor with a NH manufacturing license shall be stored at the Concord warehouse
- Appendix E – Exhibit C – Paragraph 14.1.2 and 14.1.3 – Insurance – The NHSLC will allow the equivalent of $2 million coverage of 100% of acquisition cost for all liquor and wine product owned by the NHSLC for all risks and, fire and extended coverage.
- Appendix E – Paragraph 16 – Waiver of Breach – The phrase “Event of Default” where it occurs in this paragraph is amended to read “Material Breach.”
- Appendix E – Exhibit C – Paragraph 26 – In sub-paragraph 4, (which begins “All costs associated...”) strike the phrase “...as provided in Paragraph 8.”

You may discuss these clarifications and rejected exceptions by telephone with Steve Judge and Craig Bulkley at **10:00 AM**, Monday, August 13, 2012. If you wish to have a discussion, at least ½ hour prior to that time, please provide us with a contact phone number and email Mr. Bulkley a list of the sections of the RFP that you wish to discuss including the page numbers. This will be an opportunity for you to understand why the Commission has made this decision. It is not an opportunity to argue about the wisdom of the Commission’s decision.
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As we finished our call on Monday - you had asked us for an understanding of what we mean by fixed costs.

Here are the categories of costs that we consider fixed – recognizing that even fixed costs become variable depending on the nature of the volume change:

- Salaried labor
- Facility expense
- Some operational administration expenses, e.g. phones
- Depreciation costs

In terms of relative value of the fixed costs they would rise from 0.4% of product revenues to 0.5% of product revenues or 0.8% of the cost of products to 1.1% of the cost of products if volumes fall by 50%.

Look forward to speaking to you at 4.

Cheers,
Scott Lyons

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

Telephone: 905 366-7691
Mobile: 416

www.exel.com
Fred and I are wondering if you and Steve would have time tomorrow afternoon after 2:00 pm to finish our discussion from Monday that got cut a bit short by Sandy.

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
Received and thank-you. This is very helpful.

Scott Lyons

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

---

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, October 26, 2012 12:31 PM
To: Scott Lyons (EXEL CA)
Cc: Fred Takavitz (Exel US); John D. Bunnell; Craig W. Bulkley; Stephen J. Judge
Subject: P-37 amendments

Dear Scott,

Following consultation with the AG’s Office, the EC is authorized to amend the P-37 as follows.
One, the parties shall mutually agree to waive consequential and indirect damages.
Two, In the event of a material breach that involves the payment of a penalty, the Vendor shall pay the penalty. If the Vendor fails to pay the penalty within a reasonable time, the NHSLC shall recover the penalty from the performance bond, provided, however, that the Vendor restores the bond to its original or any increased amount within a reasonable time.
I expect that the terms will be clarified to a specific time.

Steve Judge on behalf of

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

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Yes you have accurately captured our discussion.

Thank-you.
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 (Redacted)

---

From: Stephen J. Judge [mailto:stephen.j.judge@liquor.state.nh.us]
Sent: Thursday, October 25, 2012 3:43 PM
To: Scott Lyons (EXEL CA)
Cc: John D. Bunnell; Craig W. Bulkley
Subject: RE: Performance bond

Dear Scott,

I want to sharpen our conversation from yesterday. I failed to make a crucial point during our discussion. I am the AG’s legal consultant to the Evaluation Committee. The AG, however, has the final say on all legal issues. I will recommend to the AG’s office that the P-37 contract (RFP Exhibit E) be modified in two ways.

One, the parties mutually agree to waive consequential and indirect damages.

Two, in the event of a material breach that involves the payment of a penalty, the Vendor shall pay the penalty. If the Vendor fails to pay the penalty within a reasonable time, the NHSLC shall recover the penalty from the performance bond, provided, however, that the Vendor restores the bond to its original or any increased amount within a reasonable time.

I expect that the terms will be clarified to a specific time. Let me know if I have accurately captured the discussion.

In addition, I will recommend that RFP section 1.10.4 and Paragraph 25 on pages 65-67 of the RFP be clarified so that the parties have access to the contract protest process in the event of a good faith impasse on rate negotiations and that the protest process may continue past the Chairman of the NHSLC to include the Merrimack County Superior Court and the New Hampshire Supreme Court.

Again, let me know, if I have accurately captured the discussion.

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
Hi Steve,

We are looking for confirmation that we will add wording to the contract to clarify that the performance bond would be drawn upon in the event of a material breach for the amount of damages owed. Please confirm our conversation in writing.

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
Dear Scott,

Following consultation with the AG’s Office, the EC is authorized to amend the P-37 as follows.
One, the parties shall mutually agree to waive consequential and indirect damages.
Two, In the event of a material breach that involves the payment of a penalty, the Vendor shall pay the penalty. If the Vendor fails to pay the penalty within a reasonable time, the NHSLC shall recover the penalty from the performance bond, provided, however, that the Vendor restores the bond to its original or any increased amount within a reasonable time.
I expect that the terms will be clarified to a specific time.

Steve Judge on behalf of

Please consider the environment before printing this e-mail.

Craig W. Bulkley  
Director  
Division of Administration  
NH State Liquor Commission  
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Fax. (603) 271-3897  
Cell. (603) 460-1559  
✉️ cbulkley@liquor.state.nh.us

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Dear Scott,

I want to sharpen our conversation from yesterday. I failed to make a crucial point during our discussion. I am the AG’s legal consultant to the Evaluation Committee. The AG, however, has the final say on all legal issues. I will recommend to the AG’s office that the P-37 contract (RFP Exhibit E) be modified in two ways. One, the parties mutually agree to waive consequential and indirect damages. Two, in the event of a material breach that involves the payment of a penalty, the Vendor shall pay the penalty. If the Vendor fails to pay the penalty within a reasonable time, the NHSLC shall recover the penalty from the performance bond, provided, however, that the Vendor restores the bond to its original or any increased amount within a reasonable time.

I expect that the terms will be clarified to a specific time. Let me know if I have accurately captured the discussion. In addition, I will recommend that RFP section 1.10.4 and Paragraph 25 on pages 65-67 of the RFP be clarified so that the parties have access to the contract protest process in the event of a good faith impasse on rate negotiations and that the protest process may continue past the Chairman of the NHSLC to include the Merrimack County Superior Court and the New Hampshire Supreme Court.

Again, let me know, if I have accurately captured the discussion.

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

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Hi Steve,

We are looking for confirmation that we will add wording to the contract to clarify that the performance bond would be drawn upon in the event of a material breach for the amount of damages owed. Please confirm our conversation in writing.

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
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Mobile: 416

www.exel.com
Fred:

I will be in touch later this morning regarding your request made earlier in the week.

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

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Understood. I have seen the posting. Have a good week.

Fred:

By now, you should have seen the posting regarding our schedule. If not, please refer to our website where other amendments have been posted.

The Evaluation Committee has been developing a potential alternative to satisfy the criteria of the RFP. We have enough information to put together a question for the vendors. We expect to have that question out by the end of this week. If you have comments following receipt of the question, we will be happy to discuss them.

At the moment, we want to stay focused internally and will not be in communication until after we send the question to the vendors.

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

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Thank-you and we look forward to speaking on Monday. Have a nice weekend.

Cheers,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416

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From: Craig W. Bulkley
Sent: Friday, September 14, 2012 1:46 PM
To: Scott Lyons
Subject: RE: Expo - Follow-up from Monday's call

Scott:

Our team will not be available this afternoon. I will work to arrange a call on Monday, 9/17 in the PM. I will get back to you on Monday – hopefully A.M.

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Would you have 10 minutes for a quick discussion with Fred and I this afternoon at 2:30. We want to ensure there are no questions from our note on Thursday evening, and get an understanding of the next steps.

Thanks,
Scott Lyons

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

---

From: Craig W. Bulkeley [mailto:cbulkeley@liquor.state.nh.us]
Sent: Friday, September 14, 2012 10:58 AM
To: Scott Lyons (EXEL CA)
Subject: RE: Excel - Follow-up from Monday’s call

Received; thank you

Please consider the environment before printing this e-mail.

Craig W. Bulkeley
Director
Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
✉ cbulkeley@liquor.state.nh.us

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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, September 13, 2012 5:25 PM
To: Craig W. Bulkeley
Cc: Fred Takavitz (Exel US)
Subject: Excel - 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)”.

December 26, 2012

Exel 000967
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: Craig W. Bulkley <cbulkley@liquor.state.nh.us>
Sent: Monday, September 17, 2012 1:01 PM
To: Fred Takavitz (Exel US)
Subject: RE: Exel - Follow-up from Monday’s call

Fred:

By now, you should have seen the posting regarding our schedule. If not, please refer to our website where other amendments have been posted.

The Evaluation Committee has been developing a potential alternative to satisfy the criteria of the RFP. We have enough information to put together a question for the vendors. We expect to have that question out by the end of this week. If you have comments following receipt of the question, we will be happy to discuss them.

At the moment, we want to stay focused internally and will not be in communication until after we send the question to the vendors.

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From: Fred Takavitz (Exel US) [mailto:fred.takavitz@exel.com]
Sent: Monday, September 17, 2012 12:31 PM
To: Craig W. Bulkley
Cc: Scott Lyons (EXEL CA)
Subject: RE: Exel - Follow-up from Monday’s call

Hi Craig,

Could we set up a call this afternoon, say at 300p ET? Scott is traveling; Steve Hess and I would be on the call. We would like to get feedback on the note that we sent last Thursday, and hear about the timing the NHSLC now has in mind for the project. Thanks

From: Scott Lyons (EXEL CA)
Sent: Friday, September 14, 2012 2:10 PM
To: Craig W. Bulkley
Thank-you and we look forward to speaking on Monday. Have a nice weekend.

Cheers,
Scott Lyons

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

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, September 14, 2012 1:46 PM
To: Scott Lyons (EXEL CA)
Subject: RE: Excel - Follow-up from Monday’s call

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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Friday, September 14, 2012 1:39 PM
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Telephone: 905 366-7691
From: Craig W. Bulkeley [mailto:cbulkeley@liquor.state.nh.us]
Sent: Friday, September 14, 2012 10:58 AM
To: Scott Lyons (EXEL CA)
Subject: RE: Exel - Follow-up from Monday's call

Received; thank you

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Cc: Fred Takavetz (Exel US)
Subject: Exel - 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.

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Exel owns the facility, the agreement is either renewed (including the facility) or the facility is turned back to Exel.

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**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)”.

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Telephone: 905 366-7691
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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)“.

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Cheers,
Scott Lyons

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Mobile: 416 □□□□□□□□

www.exel.com
Thank-you and we look forward to speaking on Monday. Have a nice weekend.

Cheers,
Scott Lyons

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

--

From: Craig W. Bulkley [mailto:chbulkley@liquor.state.nh.us]
Sent: Friday, September 14, 2012 1:46 PM
To: Scott Lyons (EXEL CA)
Subject: RE: Exel - Follow-up from Monday's call

Scott:

Our team will not be available this afternoon. I will work to arrange a call on Monday, 9/17 in the PM. I will get back to you on Monday – hopefully A.M.

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
✉ chbulkley@liquor.state.nh.us

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Would you have 10 minutes for a quick discussion with Fred and I this afternoon at 2:30. We want to ensure there are no questions from our note on Thursday evening, and get an understanding of the next steps.

Thanks,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416

---

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, September 14, 2012 10:58 AM
To: Scott Lyons (EXEL CA)
Subject: RE: Excel - Follow-up from Monday’s call

Received; 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
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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, September 13, 2012 5:25 PM
To: Craig W. Bulkley
Cc: Fred Takavitz (Exel US)
Subject: Excel - Follow-up from Monday’s call

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- 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
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- 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 an 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.)”

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**Disclaimer of Indirect and Consequential Damages**

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December 26, 2012
Exel 000981
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Cheers,
Scott Lyons

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

Telephone: 905 366-7691
Mobile: 416

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☎ (603) 230-7008  
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Cell: (603) 460-1559  
✉ cbulkley@liquor.state.nh.us

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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]  
Sent: Friday, September 14, 2012 1:39 PM  
To: Craig W. Bulkley  
Cc: Fred Takayes (EXEL US)  
Subject: RE: Exel - Follow-up from Monday's call

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Mobile: 416

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]  
Sent: Friday, September 14, 2012 10:58 AM  
To: Scott Lyons (EXEL CA)  
Subject: RE: Exel - Follow-up from Monday’s call
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Scott Lyons

Exel
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Mississauga, Ontario
L5R 3R3
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Mobile: 416

[Exel.com](http://www.exel.com)
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To: Craig W. Bulkley
Cc: Fred Takavitz (Exel US)
Subject: Exel - Follow-up from Monday's call

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December 26, 2012

Exel 000987
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L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 __________________

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Scott Lyons

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L5R 3R3
Canada

December 26, 2012

Exel 000990
From: Scott Lyons (EXEL CA) <Scott.Lyons@exel.com>
Sent: Thursday, September 13, 2012 5:25 PM
To: Craig W. Bulkley
Cc: Fred Takavitz (Exel US)
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Mobile: 416

www.exel.com
We wish to confirm that our systems are capable of maintaining two rates for each warehouse service. One rate will be the amount charged to the industry, and the second rate will be the compensation Exel keeps for providing the service. Our systems will track the revenues charged to the industry, track the associated revenues that should be held by Exel, and calculate the difference that will be payable by Exel to the NHSLC as revenue sharing. Further, our systems provide the ability to adjust the rates charged to industry as per direction from the NHSLC.

I trust this answers your question. Please do not hesitate to contact me for further clarification if required.

Sincerely,
Scott Lyons

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

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

www.exel.com
Fred – we will try to call you at 1:30 PM this afternoon.

Please consider the environment before printing this e-mail.

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Fred Takavitz (Exel US) 
Sent: Monday, September 10, 2012 11:20 AM
To: Craig W. Bulkley
Cc: George P. Tsiopras; Scott Lyons (EXEL CA)
Subject: Requesting A Call

Craig,
Can we have a call with yourself and George (and others if you wish) to further explore the ‘rent to own’ option?

Fred Takavitz
Exel
Office (614) 865 8392
Mobile (614) 555-5555
fred.takavitz@dhl.com
Craig,
Can we have a call with yourself and George (and others if you wish) to further explore the ‘rent to own’ option?

Fred Takavitz
Exel
Office (614) 865 8392
Mobile (614) 888 8888
fred.takavitz@dhl.com
Regarding option 1
- You are correct – the correct timeframe is four months.
- The calculation assumes the grand total costs across the 30 month period for Exel of $25,500,000, and the rates that are scheduled to go into effect as of January 1, 2013 which equate to a grand total cost of $34,723,428. The difference across the 30 months is $9,223,428. For four months this equates to $1,229,790. To the extent the rates under the extension are different than the rates that will go in effect January 1, 2013, or the final pricing agreed to between the NHSLC and Exel is different, the potential costs estimate will vary. Our goal here was to show an order of magnitude impact for an extension to February 28, 2014.

Regarding option 3
- All transfers will be completed, and all functions will be operating in a smooth production mode at the new warehouse by October 31, 2013.

I trust this clarifies our response. If you have further questions please do not hesitate to contact us.

Sincerely,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416  

---

From: Craig W. Bulkley [mailto:chulkley@liquor.state.nh.us]
Sent: Thursday, September 06, 2012 3:36 PM
To: Scott Lyons (EXEL CA)
Subject: RE: Exel - Contract Award Extension

Scott:

I need you to clarify your response in Option 1 and Option 3:

Option 1:

Extending the current contract from November 1, 2013 to February 28, 2014 is four months, not five. So, your last bullet under this option is not showing the correct timeframe. Further, we are not clear how you are making your calculation as you don’t know what the new rates will be under this four month extension.

Please clarify your calculations, provide a specific total amount and how you arrived at the cost for the four-month extension. You can not assume that the current vendor’s rates will not change from the rates in effect at the end of the current contract (October 31, 2013). His rates will undoubtedly go up from the rates that go into effect on January 1, 2013.
Option 3:

In your fifth bullet, you indicate that you believe you will finish on time with some risk involved. We need a specific statement that says when you will finish based on the factors identified in this option.

Please get a response to us by noon tomorrow, 9/7. Thanks.

Please consider the environment before printing this e-mail.

Craig W. Buikley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
cbuikley@liquor.state.nh.us

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From: Scott Lyons (EXEL CA)  [mailto:Scott.Lyons@exel.com]
Sent: Thursday, September 06, 2012 10:17 AM
To: Craig W. Buikley
Subject: RE: Exel - Contract Award Extension

My savings figure for option 1 should be approximately $3 million not the lower figure from my earlier email.

We thought this option and the associated cost figure would be helpful in your discussions.

Cheers,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416

Received; thank you

Please consider the environment before printing this e-mail.

Craig W. Buikley
Director
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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Wednesday, September 05, 2012 5:37 PM
To: Craig W. Buikley
Cc: Fred Takayama (Exel US)
Subject: RE: Contract Award Extension

We see three options for the NHSLC regarding not awarding the contract until November 14, 2012.

Option 1 – Extend your current contract with the incumbent provider until February 28, 2014.
- We do not recommend starting up the new operation during the holiday season. February 28, 2014 provides the month of January to stock the new facility, and the month of February to ramp-up services to the stores from the new facility
- Construction would commence in the spring time
- There are no additional costs from Exel under this option
- Based on the difference in the rates Exel is proposing and the rates the incumbent will be charging as of January 1, 2013 this represents a cost to the industry of approximately $1,100,000 across the 5 month extension

Option 2 – Sign an Reimbursement Indemnification Agreement authorizing Exel to expend funds towards key tasks needed to protect the current timeline
- The customer pledges to reimburse us for any authorized expenditures that we make if we do not reach agreement on a contract
  - The expenditures between September 14th and October 14th will be $100,000 for environmental studies, soils analysis, and civil engineering work
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We trust this adequately answers your question. Please do not hesitate to contact us if you have further questions.

Sincerely,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416

From: Craig W. Bulkeley [mailto:cbulkeley@liquor.state.nh.us]
Sent: Friday, August 31, 2012 4:18 PM
To: Fred Takavitz (Exc US); Scott Lyons (EXEL CA)
Subject: Contract Award Extension

Fred:

The Evaluation Committee has a question that you need to answer.

The question is: What additional costs would be incurred if the contract was not awarded until November 14, 2012? What would be the impact on your grand total costs over the initial 30-month term?

We would like a response by 12:00 noon on Wednesday, September 5, 2012. If, however, a small amount of additional time is required, please let us know.

Thank you.

Please consider the environment before printing this e-mail.

Craig W. Bulkeley
Director
Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
✉ cbulkeley@liquor.state.nh.us

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From: Craig W. Bulkley <cbulkley@liquor.state.nh.us>
Sent: Thursday, September 06, 2012 3:36 PM
To: Scott Lyons (EXEL CA)
Subject: RE: Exel - Contract Award Extension

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Please get a response to us by noon tomorrow, 9/7. Thanks.

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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

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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Thursday, September 06, 2012 10:17 AM
My savings figure for option 1 should be approximately $3 million not the lower figure from my earlier email.

We thought this option and the associated cost figure would be helpful in your discussions.

Cheers,
Scott Lyons

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

From: Craig W. Bulkeley [mailto:cbulkeley@liquor.state.nh.us]
Sent: Thursday, September 06, 2012 8:01 AM
To: Scott Lyons (EXEL CA)
Subject: RE: Contract Award Extension

Received; thank you

Please consider the environment before printing this e-mail.

Craig W. Bulkeley
Director
Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
✉ cbulkeley@liquor.state.nh.us

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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Wednesday, September 05, 2012 5:37 PM
To: Craig W. Bulkeley
Cc: Fred Takavaz (Exel US)
Subject: RE: Contract Award Extension

We see three options for the NHSLC regarding not awarding the contract until November 14, 2012.

Option 1 – Extend your current contract with the incumbent provider until February 28, 2014.
  • We do not recommend starting up the new operation during the holiday season. February 28, 2014 provides the month of January to stock the new facility, and the month of February to ramp-up services to the stores from the new facility
  • Construction would commence in the spring time
• There are no additional costs from Exel under this option
• Based on the difference in the rates Exel is proposing and the rates the incumbent will be charging as of January 1, 2013 this represents a cost to the industry of approximately $1,100,000 across the 5 month extension

Option 2 – Sign an Reimbursement Indemnification Agreement authorizing Exel to expend funds towards key tasks needed to protect the current timeline
• The customer pledges to reimburse us for any authorized expenditures that we make if we do not reach agreement on a contract
  ▪ The expenditures between September 14th and October 14th will be $100,000 for environmental studies, soils analysis, and civil engineering work
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• The timeframe to transfer product and fully ramp-up services to stores from the new facility is 7 weeks. This will require coordination and cooperation from the incumbent provider and the staff at your Concord facility

We trust this adequately answers your question. Please do not hesitate to contact us if you have further questions.

Sincerely,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416

From: Craig W. Bulkey [mailto:cbulkey@liquor.state.nh.us]
Sent: Friday, August 31, 2012 4:18 PM
To: Fred Takovitz (Exel US); Scott Lyons (EXEL CA)
Subject: Contract Award Extension

Fred:

The Evaluation Committee has a question that you need to answer.

The question is: What additional costs would be incurred if the contract was not awarded until November 14, 2012? What would be the impact on your grand total costs over the initial 30-month term?

We would like a response by 12:00 noon on Wednesday, September 5, 2012. If, however, a small amount of additional time is required, please let us know.

Thank you.
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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

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Cheers,
Scott Lyons

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

---

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Thursday, September 06, 2012 8:01 AM
To: Scott Lyons (EXEL CA)
Subject: RE: Contract Award Extension

Received; thank you

Please consider the environment before printing this e-mail.

Craig W. Bulkley
Director
Division of Administration
NH State Liquor Commission

[phone number]
FAX: (603) 271-3897
Cell: (603) 480-1559

[redacted]

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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Wednesday, September 05, 2012 5:37 PM
To: Craig W. Bulkley
Cc: Fred Takavas (Exel US)
Subject: RE: Contract Award Extension

We see three options for the NHSLC regarding not awarding the contract until November 14, 2012.
Option 1 – Extend your current contract with the incumbent provider until February 28, 2014.
  • We do not recommend starting up the new operation during the holiday season. February 28, 2014 provides the month of January to stock the new facility, and the month of February to ramp-up services to the stores from the new facility
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  • There are no additional costs from Exel under this option
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We trust this adequately answers your question. Please do not hesitate to contact us if you have further questions.

Sincerely,
Scott Lyons

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

From: Craig W. Bulkeley [mailto:cbulkeley@liquor.state.nh.us]
Sent: Friday, August 31, 2012 4:18 PM
To: Fred Takevitz (Exel US); Scott Lyons (EXEL CA)
Subject: Contract Award Extension

Fred:

The Evaluation Committee has a question that you need to answer.
The question is: What additional costs would be incurred if the contract was not awarded until November 14, 2012? What would be the impact on your grand total costs over the initial 30-month term?

We would like a response by 12:00 noon on Wednesday, September 5, 2012. If, however, a small amount of additional time is required, please let us know.

Thank you.

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Craig W. Buikley
Director
Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
✉ cbuikley@liquor.state.nh.us

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- Construction would commence in the spring time.
- There are no additional costs from Exel under this option.
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We trust this adequately answers your question. Please do not hesitate to contact us if you have further questions.

Sincerely,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 123-4567

From: Craig W. Buikley [mailto:cbuikeley@liquor.state.nh.us]
Sent: Friday, August 31, 2012 4:18 PM
To: Fred Takevitz (Exel US); Scott Lyons (EXEL CA)
Subject: Contract Award Extension

Fred:

The Evaluation Committee has a question that you need to answer.

The question is: What additional costs would be incurred if the contract was not awarded until November 14, 2012? What would be the impact on your grand total costs over the initial 30-month term?

We would like a response by 12:00 noon on Wednesday, September 5, 2012. If, however, a small amount of additional time is required, please let us know.

Thank you.

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Craig W. Buikley
Director
Division of Administration
NH State Liquor Commission
(603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1599
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We trust this adequately answers your question. Please do not hesitate to contact us if you have further questions.

Sincerely,
Scott Lyons

Telephone: 905 366-7691
Mobile: 416 123-4567

December 28, 2012
Fred:

The Evaluation Committee has a question that you need to answer.

The question is: What additional costs would be incurred if the contract was not awarded until November 14, 2012? What would be the impact on your grand total costs over the initial 30-month term?

We would like a response by 12:00 noon on Wednesday, September 5, 2012. If, however, a small amount of additional time is required, please let us know.

Thank you.

Please consider the environment before printing this e-mail.

Craig W. Bulkeley
Director
Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
✉️ cbulkeley@liquor.state.nh.us

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Thanks for the note. It will help us with drafting our language.

Scott Lyons

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

---

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Wednesday, September 05, 2012 12:52 PM
To: Scott Lyons (EXEL CA)
Cc: George P. Tsipras; John D. Bunnell; Hastings, Peter; Stephen J. Judge; Judge, Steve
Subject: RE: Contract Question

Scott:

This is why what we say doesn’t count; it’s what we put in writing. You are correct that there is a contract protest process contained on Page 66 of the RFP. There is also a rate changes provision at Section 1.10.4 on Page 11 of the RFP. Section 1.10.4 provides for termination of the contract if either party fails to negotiate in good faith. You are correct, that is not the scenario we were discussing.

To be more exact, if there is no agreement on rates, it is possible that there will be no resolution through the contract protest process. At that point, we are left with a standoff or a party could seek judicial intervention or some other remedy.

As we discuss this, we are not quite sure how we arrive at the scenario where Exel is able to get out of the contract thus creating the need for some entity to assume the lease.

If we have accurately captured your quandry, the language you propose should create the ability for Exel to get out of the contract under certain circumstances. It should then go on to describe how the lease will be assumed by some other party. As we write this, the possibility of the Attorney General agreeing to such a provision becomes less likely. But, let’s see what you can do.

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
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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Wednesday, September 05, 2012 12:35 PM
To: Craig W. Buikley
Cc: Fred Takavas (Exel US); Maria Tzagournis (EXEL US); Greg Foreman (EXEL US)
Subject: Contract Question

In our meeting yesterday I thought I heard Steve Judge indicate that if we could not agree on new rate at any 30 month interval that this would be a material breach and lead to early termination. I am not able to follow this perspective in the current contract language. There appears to be a contract protest process that would come into play, and this process does not appear to lead to a material breach. Can you confirm for us whether it is the NHSLC’s perspective that failure to agree on a rate leads to a material breach, and if so how that result would be reached?

Thanks,
Scott Lyons

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

Telephone: 905 366-7691
Mobile: 416

www.exel.com

December 26, 2012

Exel 001015
Scott:

This is why what we say doesn’t count; it’s what we put in writing. You are correct that there is a contract protest process contained on Page 66 of the RFP. There is also a rate changes provision at Section 1.10.4 on Page 11 of the RFP. Section 1.10.4 provides for termination of the contract if either party fails to negotiate in good faith. You are correct, that is not the scenario we were discussing.

To be more exact, if there is no agreement on rates, it is possible that there will be no resolution through the contract protest process. At that point, we are left with a standoff or a party could seek judicial intervention or some other remedy.

As we discuss this, we are not quite sure how we arrive at the scenario where Exel is able to get out of the contract thus creating the need for some entity to assume the lease.

If we have accurately captured your quandry, the language you propose should create the ability for Exel to get out of the contract under certain circumstances. It should then go on to describe how the lease will be assumed by some other party. As we write this, the possibility of the Attorney General agreeing to such a provision becomes less likely. But, let’s see what you can do.
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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: Wednesday, September 05, 2012 11:47 AM
To: Scott Lyons (EXEL CA)
Subject: RE: Exel - Contract Award Extension

Yes

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

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From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Wednesday, September 05, 2012 11:11 AM
To: Craig W. Bulkley
Cc: Fred Takovitz (Exel US)
Subject: RE: Contract Award Extension

We do require additional time to respond to this question. Would end of day be acceptable?

Thanks,
Scott Lyons

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

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, August 31, 2012 4:18 PM
To: Fred Takovitz (Exel US); Scott Lyons (EXEL CA)
Subject: Contract Award Extension

Fred:

The Evaluation Committee has a question that you need to answer.
The question is: What additional costs would be incurred if the contract was not awarded until November 14, 2012? What would be the impact on your grand total costs over the initial 30-month term?

We would like a response by 12:00 noon on Wednesday, September 5, 2012. If, however, a small amount of additional time is required, please let us know.

Thank you.

Please consider the environment before printing this e-mail.

Craig W. Buikley  
Director  
Division of Administration  
NH State Liquor Commission  
☎️ (603) 230-7008  
FAX (603) 271-3897  
Cell: (603) 490-1559  
✉️ ebuikley@liquor.state.nh.us

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☎ (603) 230-7008
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Fred:

This will confirm our phone conversation this afternoon that the Evaluation Committee will meet with your team on Tuesday, September 4, 2012 at 2 PM. 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
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From: Craig W. Bulkley <cbulkley@liquor.state.nh.us>
Sent: Friday, December 07, 2012 5:46 PM
To: Nicholas K. Holmes
Subject: Exel Emails - Part XII
Attachments: RE: Contract Process; RE: Contract Process; Exel - Contract Process; RE: Exel’s Offer to the NHSLC; RE: Exel’s Offer to the NHSLC; FW: Exel’s Offer to the NHSLC; RE: Exel - BAFO Follow-Up - Part II; RE: Exel - BAFO Follow-Up - Part II; Automatic reply: BAFO Follow-Up - Part II; Exel - BAFO Follow-Up - Part II
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

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Craig,
The date would be September 20, 2012. This would allow us accomplish all that needs to be done in a controlled and quality manner.

In the event that the NHSLC feels that more time may be needed, we could look to execute a document called a Reimbursement Indemnification Agreement (RIA). This agreement essentially allows us to start our work and make required expenditures in advance of having a contract signed. The customer pledges to reimburse us for any authorized expenditures that we make if we do not reach agreement on a contract. The RIA serves as a bridge agreement and becomes void once the contract is signed.

Given that we have agreed on many contract terms already it does not appear that the RIA would be needed here. However, the option is there if the NHSLC would like to explore this further.

Have a good weekend. Hoping that we can meet with you and your team in the days ahead.

Fred

As you know, we are putting every term under the microscope. In what I hope is an excess of caution, I need to know what is the latest date that the contract can be awarded and still give you time to complete the building and have all your systems operational by October 31, 2013.

I need to have your best answer to this question by 11:00 AM tomorrow, 8/31/12.

I apologize for the rush, but this is important to us. 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
✉️ chulkley@liquor.state.nh.us
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Thanks Craig, we will be back to you tomorrow morning.

Fred:

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I apologize for the rush, but this is important to us. Thanks.
From: Fred Takavitz (Exel US) <fred.takavitz@exel.com>
Sent: Tuesday, August 28, 2012 3:29 PM
To: Craig W. Bulkley
Subject: RE: Exel’s Offer to the NHSLC

Thanks Craig. We wanted to be sure.

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Tuesday, August 28, 2012 3:18 PM
To: Fred Takavitz (Exel US)
Subject: RE: Exel’s Offer to the NHSLC

Fred:

Yes, we are in agreement – 11% is the savings on the part of the suppliers – 19% is the total savings compared to the existing contract – at the $28M bid.

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

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From: Fred Takavitz (Exel US) [mailto:fred.takavitz@exel.com]
Sent: Tuesday, August 28, 2012 3:11 PM
To: Craig W. Bulkley
Cc: George P. Taiopras
Subject: FW: Exel’s Offer to the NHSLC

Craig and George,

I’ve been thinking about a comment that was made in our meeting last week, and I wanted to be sure that we were being clear in what we think the cost benefits to the NHSLC are in accepting Exel’s proposal.

The attachment included here was handed out during the meeting last week. I thought I heard George say that our rate proposal represents a 11% savings to the NHSLC when compared to rates that would otherwise be in place on January 1,
2013. At our offer of $28M, we think the benefit to the NHSLC is more like $6.7M or 19% (the difference between $34.72M and 27.99M). At our offer of $25.5M, the difference is about $9.2M or 27% ($34.72 v $25.5M).

Thanks for allowing us to clarify this.

Fred Takavitz
Exel
Office (614) 865 8392
Mobile (614) 397 5144
fred.takavitz@dhl.com
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Sent: Tuesday, August 28, 2012 3:11 PM
To: Craig W. Bulkley
Cc: George P. Tsiopras
Subject: FW: Exel's Offer to the NHSLC
Attachments: 3640_001.pdf

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Fred Takavitz
Exel
Office (614) 865 8392
Mobile (614) [REDACTED]
fred.takavitz@dhl.com

December 26, 2012
# EXEL
Summary of RFP Proposal - 1st 30 months

## INBOUND HANDLING SUMMARY:

<table>
<thead>
<tr>
<th>Description</th>
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<td>Total storage</td>
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## OUTBOUND SUMMARY:

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<th>Total (1-30 months)</th>
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## ACCESSORIAL SUMMARY:

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<tr>
<td>Total accessories</td>
<td>13,475,824</td>
<td>13,475,824</td>
</tr>
</tbody>
</table>

## Remarks:

- No ID indicated for two warehouse scenarios.
- No revenue starting proposal factored.

---

**DRAFT**

- $\theta = 110\%$ reduction in current rates

---

December 26, 2012

Exel 001035
Craig,

The Exel team is passionate about this business opportunity with the NHSLC. We see a good fit between our organizations. We want to be the NHSLC’s partner for many years to come.

It seems as though the NHSLC sees Exel as the right strategic partner in this project based on our flexibility, experience and demonstrated capabilities. We are at a point in this project where our teams need to meet face to face and work through the few remaining items. The need for a face to face meeting is a common practice for us in every new business pursuit that we engage in. Our request is for us to meet on Wednesday or Thursday in Concord. Until we have this meeting, we are not in a position to respond to the question posed to us on August 24 with regard to the $26M.

A significant and open item in this project is the real estate. Ordinarily our customers seek to identify the 3PL partner that they want to work with and then solve for the very best real estate solution. In this way, the real estate solution is not the primary determinate of who the customer chooses to work with, rather, it is the skills, operating ability and innovative practices that determine who the right partner should be. The right real estate solution follows on from that.

The real estate element of this pursuit is unique in that there are only 2 existing facilities in the state of New Hampshire that are of the right size and quality to house your business. One of those facilities is occupied by the incumbent provider and the other facility is located in Seabrook, New Hampshire. It is clear that between Law Warehouses and another unknown party, the existing real estate options are not available to Exel. With this being the case, the parties who control the real estate have the upper hand in this business opportunity. This is not right, and in fact, it precludes a quality provider like Exel from putting other viable solutions in front of the NHSLC. The Seabrook facility is a good fit for the business and is vacant, however for reasons that we have not been unable to uncover, the existing tenant is unwilling to discuss the possibility of Exel leasing a part of the building. We can only assume that someone has the building ‘tied up’ in some manner. Because we (at least at this point) cannot secure an existing facility, we have opted to pursue a build to suit alternative in Bow, New Hampshire.

The build to suit option in Bow is a high quality solution for the NHSLC. Exel is prepared to move forward with the construction of this building as we have discussed, however, this will require a commitment from the NHSLC to assume the lease that Exel will have signed in the event that the NHSLC’s agreement with Exel terminates before the end of the 20 year contract term. Why would the NHSLC agree to do this? We feel that the NHSLC is better served if they are able to exercise control of the real estate. By having this control, the NHSLC ensures continuity of service to NHSLC customers. Furthermore, the NHSLC would realize the best possible price now and into the future. With this commitment from the NHSLC in place, Exel is able to offer the NHSLC the $25.5M option; a savings of $9.2M savings for the NHSLC in a 30 month period or approximately $3.67M per year.

We would also like the NHSLC to know that we have been and continue to talk with local (NH) investors to see if there could be a new alternative available with regard to the build to suit real estate solution. At this point, we do not have any specific options to discuss with the NHSLC team.

In summary, if the NHSLC is prepared to assume the lease in the event that the contract with Exel terminates early, we plan to carry on with build to suit option in Bow. If the NHSLC cannot commit to assuming the lease, we would look to lease existing space in Seabrook. We believe that the Seabrook facility would no longer be ‘tied up’ once the NHSLC
awards the business to Exel. In either scenario, we are asking that the NHSLC commit to having all liquor and wine products, other than those made in the State of New Hampshire, move through the Exel managed facility.

If we can meet this week, we are confident that we can successfully work through the final remaining points and move on to launching what will be a great business for the NHSLC and for Exel.

Regards,
Fred Takavitz
Exel
Office (614) 865 8392
Mobile (614) [redacted]
fred.takavitz@dhl.com

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, August 24, 2012 3:59 PM
To: Fred Takavitz (Exel US)
Cc: Scott Lyons (EXEL CA)
Subject: BAFO Follow-Up - Part II

Dear Fred –

Are you able to reduce your price to $26M without asset backing and with no other additional exceptions outside of the email dated August 10, 2012? Please respond at your earliest, no later than Tuesday noon. 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

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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.
You have an extension to 2 PM today.

Please consider the environment before printing this e-mail.

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Division of Administration
NH State Liquor Commission
☎ (603) 230-7008
FAX (603) 271-3897
Cell: (603) 490-1559
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From: Fred Takavitz (Exel US) [mailto:fred.takavitz@exel.com]
Sent: Tuesday, August 28, 2012 10:01 AM
To: Craig W. Bulkley
Cc: Scott Lyons (EXEL CA)
Subject: RE: BAFO Follow-Up - Part II

Craig,

We would like to ask for an extension here. Can we send our response to you by 2:00p ET today? Thanks

From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Friday, August 24, 2012 3:59 PM
To: Fred Takavitz (Exel US)
Cc: Scott Lyons (EXEL CA)
Subject: BAFO Follow-Up - Part II

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I will be away from the office until September 4th. I will have limited access to email, and will reply as soon as I am able.
Dear Fred —

Are you able to reduce your price to $26M without asset backing and with no other additional exceptions outside of the email dated August 10, 2012? Please respond at your earliest, no later than Tuesday noon. Thank you.

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Craig W. Bulkley  
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Division of Administration  
NH State Liquor Commission  
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Cell: (603) 490-1559  
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No problem. I think that we’ve addressed everything that we needed to. Please let me know if this is not the case. Thanks to you and the NHSLC team for the time that you spent with us this week.

Received; I was out of the office and just returned, so I didn’t have a chance to respond to your earlier email.

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Craig,  
Here is the additional information that was requested by 2:00p today. We stand ready to answer any questions that you or others may have at any time. Thank you.

1.  The headcount that we see with varying degrees of mechanization, and the rationale that we used to develop the solution that we proposed to the NHSLC. Please refer to the attachment above which contains information previously provided on July 24 along with several new points

2.  Confirmation and restatement of Exel’s 20 year rate proposal. Please see the attachment above
3. Confirmation that the $28,000,000 figure applies without asset backing, and that the $25,500,000 figure is available if Exel receive asset backing.

Here is the question posed to us on August 13:
Using the template from your BAFO, indicate whether you can reduce your Grand Total to $25,500,000. You may not change any other financial terms. You do not need to recalculate each rate that will support this number.

Here is the answer we provided on August 13:
We can reduce our Grand Total to $25,500,000, assuming that we together find a mutually satisfactory solution to Exel's request for the backing of certain assets by the new provider in the event of an early termination. Alternatively, we offer a Grand Total of $28,000,000 if the State is not able to back certain assets or to contractually commit to having the new provider assume certain assets.

4. Related to Exel’s proposed real estate solution:

- Confirmation that we will be organizing a meeting with Michael Bergeron regarding economic incentives and steering our site through the approval process. We have had a teleconference with Mr. Bergeron. He has offered to assist us with specifically two state agencies, Dept. of Environmental Services and Dept. of Transportation. We will coordinate all communication through him for any items that will be under the purview of these agencies.

- Confirmation that we do not need a DES permit to move the equipment on site (i.e. it is not solid waste) We do not believe we need a permit to move the equipment from the proposed site to another location; however this becomes a moot point because it will be addressed in our environmental study(ies). If the Phase One study recommends “no further action”, the issue goes away. However, we expect the Phase One will recommend further study, in the form of a Phase Two, which will be done before the equipment is removed. We will have the DES involved. Our strategy will be to engage Mr. Bergeron to work with DES just prior to doing the Phase Two study in an effort to expedite the process.

- Confirmation there are no Indian burial grounds Based upon the historic use of the site, which was an operating gravel pit, and as a result of the site having been already significantly disturbed, this will not be a problem.

- Confirmation we are not impacting the wetlands Based on physical observation and from a wetlands survey performed approximately 10 years ago when the gravel pit was formed, we will not impact wetlands located east of the site.

- Confirmation there are no town impact fees such as improvements to intersections We will need to do a Traffic Study. Given the combined daily truck traffic (63 trucks total inbound and outbound), there is reason to believe we have a strong case to argue that we will not have traffic impacts which will require mitigation. As a worst case, we may need a left turn pocket and a deceleration lane as the project expands.

- Who is your environmental consultant? Our environmental consultant is Miller Engineering and Testing located in Manchester, NH.

- Have you begun the process of a Phase I site investigation? Phase I site investigation is underway.

- What steps have you taken to obtain an Alteration of Terrain permit? The first step of this Alteration of Terrain permit will be a grading plan. It relies on the topographic study which is underway. We will have a grading plan ready in 3-4 weeks and will submit for the Alteration permit on an expedited basis. Issuing of the permit should follow in 30-45 days.

- What is the specific plan to remove items (trucks, tankers, etc.) from the site, especially items that may have an environmental impact? We will also do a Phase II study and coordinate that with the geotechnical study. Both require soil borings in various locations. The presence of the machinery will not hinder the study. Once we waive our due diligence the Seller will have 15 days to remove the
equipment. We will demolish the building while the equipment is either still on site or is in the process of being removed.

- In the event that your new facility is not completed on time, what are your contingency plans for an alternative site in NH that can be used to assure the seamless flow of product? We do not see any schedule issues at this time, and provided we obtain award from the NHSCL by September 12th, we stand by our original schedule of being full transitioned by October 31, 2013. Should an unforeseen problem arise, the least disruptive contingency would be for the NHSCL to negotiate an extension with the incumbent provider. Additionally, Exel may seek partial occupancy of the new facility and or secure an existing building on a short term basis.

Fred Takavitz
Exel
Office (614) 865 8392
Mobile (614) [redacted]
fred.takavitz@dhl.com

---

**From:** Fred Takavitz (Exel US)
**Sent:** Friday, August 24, 2012 9:56 AM
**To:** Craig W. Buskey
**Cc:** Scott Lyons (EXEL CA)
**Subject:** NHSCL - Additional Information Requested

Craig,
Can I confirm with you the information we will provide to you by 2:00p today? Thank you.

5. The headcount that we see with varying degrees of mechanization, and the rationale that we used to develop the solution that we proposed to the NHSCL

6. Confirmation and restatement of Exel's 20 year rate proposal

7. Confirmation that the $28,000,000 figure applies without asset backing, and that the $25,500,000 figure is available if Exel receive asset backing. Please note that this was included in out BAFO dated August 13, 2012

8. Related to Exel's proposed real estate solution
   - Confirmation that we will be organizing a meeting with Michael Bergeron regarding economic incentives and steering our site through the approval process
   - Confirmation that we do not need a DES permit to move the equipment on site (i.e. it is not solid waste)
   - Confirmation there are no Indian burial grounds
   - Confirmation we are not impacting the wetlands
   - Confirmation there are no town impact fees such as improvements to intersections
   - Who is your environmental consultant?
   - Have you begun the process of a Phase I site investigation?
   - Has there been a wetland survey?
   - What steps have you taken to obtain an Alteration of Terrain permit?
   - What is the specific plan to remove items (trucks, tankers, etc.) from the site, especially items that may have an environmental impact?
   - In the event that your new facility is not completed on time, what are your contingency plans for an alternative site in NH that can be used to assure the seamless flow of product?

Fred Takavitz
From: Craig W. Bulkley [mailto:cbulkley@liquor.state.nh.us]
Sent: Thursday, August 23, 2012 3:52 PM
To: Scott Lyons (EXEL CA)
Cc: Stephen J. Judge; Judge, Steve
Subject: Additional Information Requested

Scott:

Thank you for a very thorough presentation to the commissioners this afternoon. The additional data requested during the meeting should get to me by 2 PM tomorrow, 8/24.

In addition, please refer to our email of August 21, 2012 requesting information regarding your site. We continue to need this information as soon as possible. Thank you.

Please consider the environment before printing this e-mail.

Craig W. Bulkley
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Division of Administration
NH State Liquor Commission
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Cell: (603) 490-1559
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Received; I was out of the office and just returned, so I didn’t have a chance to respond to your earlier email.

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From: Fred Takavitz (Exel US) [mailto:fred.takavitz@exel.com]
Sent: Friday, August 24, 2012 2:02 PM
To: Craig W. Bulkley
Cc: Scott Lyons (EXEL CA); George P. Tsiopras
Subject: Exel - NHSLC - Additional Information Requested

Craig,
Here is the additional information that was requested by 2:00p today. We stand ready to answer any questions that you or others may have at any time. Thank you.

1. The headcount that we see with varying degrees of mechanization, and the rationale that we used to develop the solution that we proposed to the NHSLC. Please refer to the attachment above which contains information previously provided on July 24 along with several new points

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Here is the answer we provided on August 13:
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4. Related to Exel’s proposed real estate solution:

- Confirmation that we will be organizing a meeting with Michael Bergeron regarding economic incentives and steering our site through the approval process. We have had a teleconference with Mr. Bergeron. He has offered to assist us with specifically two state agencies, Dept. of Environmental Services and Dept. of Transportation. We will coordinate all communication through him for any items that will be under the purview of these agencies.

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- Have you begun the process of a Phase I site investigation? Phase I site investigation is underway.

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the incumbent provider. Additionally, Exel may seek partial occupancy of the new facility and/or secure an existing building on a short term basis.

Fred Takavitz
Exel
Office (614) 865 8392
Mobile (614) 555 5555
fred.takavitz@dhl.com

From: Fred Takavitz (Exel US)
Sent: Friday, August 24, 2012 9:56 AM
To: Craig W. Bulkley
Cc: Scott Lyons (EXEL CA)
Subject: NHSLC - Additional Information Requested

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In addition, please refer to our email of August 21, 2012 requesting information regarding your site. We continue to need this information as soon as possible. Thank you.
Please confirm receipt of this information. Thanks Craig, have a good weekend.

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