

- 1. You have provided a proposal that suggests that it is subject to a right-to-know restriction contained on the cover sheet. We cannot find a cover sheet or a restriction. In any event, if you believe information in your proposal is not public, your obligation is to provide us a redacted copy. Please forward one at your earliest convenience.**

Noted – we intend to do this after the final discussions take place and a BAFO is issued.

- 2. If you were not using new tractors and trailers, how would that affect your rates?**

We feel that utilizing used vehicles (tractors and trailers) would have minimal effect on our rates to the NHSLC initially – but could have significant effect on our costs over time. The fleet we propose will come with an extended warranty (5-years), which will eliminate any major component repairs for that time frame. The other maintenance costs (scheduled services, tires, etc.) will be minimal and controllable.

It's been our experience that used vehicles often come with unforeseen maintenance issues that not only increase our costs – but negatively affect the reliability of the fleet. In addition to reliability, new vehicle technology is much more advanced and enables the new vehicles to get considerably better fuel economy - which reduces fuel costs.

We go into each operation we pursue as a long-term relationship and we plan to be with the NHSLC for the long haul. This opportunity is potentially for 15-years, which is another consideration when proposing a new fleet.

- 3. In Appendix L of the Transportation Services RFP, the statutes in Title XIII are cited. Please describe how you will comply with RSA 179:20.**

Since U.S. law requires companies to employ only individuals who may legally work in the United States – either U.S. citizens, or foreign citizens who have the necessary authorization, our standard employment procedures require each employee to complete the U.S. Citizenship and Immigration Services (USCIS) form I-9 (Employment Eligibility Verification). This process requires the employee to produce government issued identification that validates their citizenship.

We take this validation process one-step further by processing each employee's information through the USCIS E-Verify system to ensure eligibility. E-Verify is an Internet-based system that compares information from an employee's Form I-9, Employment Eligibility Verification, to data from U.S. Department of Homeland Security and Social Security Administration records to confirm employment eligibility. We've found that E-Verify is the best way to ensure a legal workforce. We also require each potential employee to pass a background check and drug test prior to employment (for any position) and maintain a drug and alcohol free workplace environment. Any employee found drinking on the job, or being under the influence when they report for duty will be terminated.

4. Should your terminal facility not be completed by November 1, 2013, what is your contingency plan?

We will use a leased facility temporarily while ours is under construction.

We have a long term relationship with Cushman and Wakefield Commercial Real Estate and have utilized their services in numerous locations. We are currently working with Mr. Denis Dancoes the Director - New England Region, of Cushman & Wakefield, 650 Elm Street, Manchester, NH 03101 who is responsible for finding the property identified in our proposal.

Mr. Dancoes has also located three additional properties relatively close to the Bow operation that will suffice temporarily. Of those three we will most likely use the one located at 18 Dunklee Road, Bow, NH.

5. Please describe in detail the services you perform for West Virginia and North Carolina. Specifically include the identity of the operator(s) for the warehouses in both states; and, whether the operator and the transportation vendor are the same. If not, under what circumstances, if any, is the transportation vendor allowed to store, maintain and/or repair its equipment at the warehouses? We understand that LB&B operates the North Carolina warehouses. Does it have a separate transportation hub? Are any other transportation vendors allowed to use the North Carolina facilities?

West Virginia

Our West Virginia operation is strictly distribution. LB&B provides a Project Manager that oversees our entire operation. [REDACTED]; all vehicles and equipment (pallet jacks, straps, rollers, etc.) needed to ensure safe and efficient delivery of product to the retail locations.

The distribution schedule and routing are developed and provided by the state and our drivers deliver to some [REDACTED] locations state wide. Due to the configuration of the state boundaries, our drivers routinely travel into Maryland and Pennsylvania to make some required deliveries in other areas of West Virginia.

The warehouse is owned, managed and operated by the state. We are provided office space in the state's warehouse and are allowed storage of vehicles at the warehouse site. Minor operator's level maintenance is performed at the warehouse location. Any other higher level of maintenance is provided by local vendors – off-site.

North Carolina

For the State of North Carolina we provide full Management and Operation of the warehouse and distribution operations to include; ordering, administrative and financial support services. We provide all Management, Administrative, Warehousing, Maintenance, Security and Driver employee resources.

The Management/Administrative functions includes; Quality Control, Customer Relations, Ordering, Data Processing and Financial Operations. [REDACTED]

The Warehouse Operation include; receipt, storage, picking, packing, staging and loading into LB&B vehicles. In this operation we employ a [REDACTED] and Workers.

Our Transportation Operation provides distribution services to some 278 locations throughout the state. In this function we employ a Transportation Manager and [REDACTED]

We provide Security Operations for both of the warehouse locations in North Carolina. We employ a Security Manager and [REDACTED] to ensure secure operations.

The transportation hub (storage, cleaning and maintenance) is located at the State Warehousing Operation at Raleigh, NC. There is no separate, offsite transportation hub. No other transportation vendors (other than distributors making deliveries) are allowed to use the North Carolina facilities.

6. Section 5.1, page 26 of your proposal - Yard Worker: Some of the described yard worker duties will happen at the Exel facility. Will cleaning trailers and organization of pallet and empty box trailers occur at the LB&B facility?

Yes. The pallet and empty box trailers will be staged at our location and organization will occur there.

7. Section 5.3.4.2, page 50 of your proposal – Please note that per the RFP, restocking orders will be transmitted by 11:35 PM to the Transportation Vendor and the Warehouse Vendor.

Noted.

8. Appendix D to your proposal - North Carolina and West Virginia are larger than New Hampshire with considerably more liquor stores and the need for over-night transit. Both states have remote locations that are inaccessible to tractor-trailers. Please describe how the costs associated with North Carolina or West Virginia help to price the New Hampshire proposal.

The costs associated with the North Carolina operation are totally within our control as we place and receive the orders with the distributors, control the available inventory, receive the orders from the retail outlets, schedule delivery time and routing, pick, pack, load and deliver the product on the most efficient schedule. Having overall operational control - we utilize our proven ISO 9001-2008 Quality Management System and the extensive experience of our managers to maximize the efficiency of all functional areas. These efficiencies translate to value added in effective pricing.

Conversely, in West Virginia we have no input into the schedule of delivery or routing. Therefore, in West Virginia, we are much less cost effective.

We feel that by operating on both ends of the control spectrum has provided the insight needed to be as efficient as possible on the NHSLC project. Having full control over the routing and some input on the loading schedule, we feel that our pricing is fair and reasonable for the operations as we know them now. We are also very confident that our expertise will allow us to grow with the NHSLC distribution needs and continue to provide cost effective support.

9. Appendix D to your proposal - The NHSLC needs to compare fixed rates for the first 18 months of the contract. Are the rates on pages 7 and 9 fixed for 18 months? Are the rates at this level because you intend to hold them for five years?

The rates on pages 7 and 9 are fixed for the 1-62 months as identified on Appendix D, which includes 18 months.

Correct. The rates are at that level (5-years) per Appendix D, with the understanding that: “Given the circumstances surrounding the transition to a new warehouse contractor, the NHSLC agrees to review the rates established in the transportation services contract after 18 months (April 2015) and to modify those rates if circumstances warrant. The NHSLC anticipates that if new rates are established, they will remain in effect for the remainder of the initial term of the contract.”

10. Appendix D to your proposal - The NHSLC is moving toward pallet unload. In our experience, hand unloads are more costly. Your rates are the same for pallet and hand unload. Why have you priced them the same?

We are not a proponent of the catalog type pricing scenarios that some vendors use. It is somewhat confusing, difficult to manage and audit and easily subject to scrutiny (on both sides) which can stress relationships. We acknowledge that there could be an increased level of effort (labor and delay cost) associated with hand unloads if not properly managed. However, based on our experience those increases are often overstated. We have found that by developing positive working relations employees at the delivery locations, communicating accurate arrival times and instructing our drivers to assist as much as possible with the off loads – we can mitigate the majority of the difference between hand and pallet offloads.

We therefore see no need to increase the cost of hand offloads.

11. Appendix D to your proposal - If the NHSLC no longer needed transportation of remaining product (entail operations) from Nashua or Concord (prior to 1/21/14) to Bow, what effect, if any, would that have on your regular rates?

No effect. The rates provided for this transportation were based on leased vehicles and temporary drivers due to the short term and relative simplicity of the requirements.

12. Appendix D to your proposal - Pricing Narrative p. 2-3 and p. 7: Please identify the cost for the Terminal Facility. Please break out all costs used in the case cost calculations.

The initial cost of the terminal facility (land, paving, fencing and facility) is estimated at [REDACTED]
[REDACTED]
[REDACTED] Actual taxes will be levied once the facility is completed and appraised. The cost breakout is attached on a separate sheet.

13. Appendix D to your proposal - p.3-4 Labor Burdens & Fringe: Please describe the different labor types, exempt, hourly and union.

The company as a whole utilizes three labor categories: exempt, hourly and union. Specific to the State of New Hampshire Liquor Commission Transportation Contract, are exempt personnel, which is our project manager, and hourly personnel, which are the proposed dispatchers, truck drivers and mechanics. We utilize Deltek Accounting System for cost accounting, which allows us to effectively account for the fringe, burden and labor by each labor category.

14. Appendix D to your proposal – Section 1.2.1 addresses fringe benefits. Do you plan to move current LB&B employees into New Hampshire? This question arises because you are limiting fringe benefits to employees with five years or less of service with LB&B.

We are not planning to move current employees to New Hampshire on a permanent basis. We will have some employees there during transition. Therefore, all employees hired in New Hampshire will have less than 5-years of services with LB&B.

15. Appendix D to your proposal - The top of page 4 refers to a Service document. Please provide an electronic copy.

Typographical error – it should read; This is in accordance with our policies.

16. Appendix D to your proposal - All Financials on pages 9 or 10 have a Note 11 assigned to it, and the note is always the same. “Substantially all of the Company’s revenues have been derived from contracts with the U.S. government.” Please describe these contracts.

As a Diversified Services Company LB&B currently has over 50 government (Federal and State) contracts covering the various services we provide. We feel the wide variety of services we are experienced in provides a synergistic advantage and has made us successful as we move into new areas – such as the alcoholic beverage warehousing and distribution industry.

- We have the two contracts with the States of West Virginia and North Carolina identified in our proposal.
- We have [REDACTED]
[REDACTED]
[REDACTED] We also have a warehousing contract supporting the Air Force, Army and Navy at Joint Base McGuire, Dix, and Lakehurst, NJ. On these contracts our operations are similar to the NHSLC Operations except we deliver petroleum products instead of alcoholic beverages.
- We have [REDACTED]
We provide training personnel and maintain the various aircraft and ship simulators we use.

- [REDACTED] for the Operations and Maintenance of Government facilities throughout the U.S. We provide logistics and maintain all operational facility systems (HVAC, Electrical, Plumbing, Fire Protection and Security, etc.)
- [REDACTED] lations for the [REDACTED] – [REDACTED] We provide the infrastructure support for these “small cities”.

17. Appendix D to your proposal - Please break out and provide the revenue from West Virginia and North Carolina beverage alcohol operations.

West Virginia - Revenue

2012 - [REDACTED]

North Carolina - Revenue

2010 - [REDACTED]

2011 - [REDACTED]

2012 - [REDACTED]

**18. Appendix D to your proposal – Section 1.1.2.1, Fuel Cost, Pages 2 and 7 – the fuel surcharge is not included in the vendor’s rates. [REDACTED]
[REDACTED] Please submit revised rates without the fuel surcharge cost.**

This question was discussed [REDACTED] and is withdrawn.