Agendum
Oakland University
Board of Trustees Formal Session
November 9, 2009

POURING RIGHTS AGREEMENT

A Recommendation

1. **Division and Department:** Finance and Administration and Student Affairs and Enrollment Management, Dean of Students Office

2. **Introduction:** In September 1999, Oakland University (University) entered into a ten-year Pouring Rights Agreement (Agreement) with Pepsi Bottling Group (Pepsi) in which Pepsi was deemed the University's exclusive beverage supplier. The Agreement terminates on December 31, 2009. To consider future beverage supplier opportunities, the University issued a Request for Proposals (RFP) to four vendors (Coca-Cola, Faygo Bottling Group, Metro Vending and Pepsi) of which two submitted proposals (Coca-Cola and Pepsi). Both vendors made campus visits touring various vending sites and meeting with the Pouring Rights Committee (Committee). The proposals were reviewed and evaluated by the Committee.

The Committee was comprised of:

John W. Beaghan, Vice President for Finance and Administration
Glenn McIntosh, Assistant Vice President Student Affairs, Dean of Students
Richard D. Fekel, Director, Oakland Center
Simon P. Dover, Associate Athletic Director for Internal Affairs
Maria Ebner-Smith, Purchasing Manager
Patricia Rottenberk Wells, Budget Manager, Finance and Administration
Kristin Dayag, President Student Congress
Saman Waquad, Vice President Student Congress

After a thorough review of RFP responses, campus tours, and based on their experience with similar accounts, interest and enthusiasm for the engagement, ability to understand and meet the needs of the University and its students, and a superior financial commitment to the University, the Committee recommends Pepsi to continue as the University's exclusive beverage supplier.

Along with the financial considerations described below, Pepsi has committed to high technology vending machines, regular product inventory management, product pricing guarantees, annual on-site meetings to evaluate service, and certain free products for special events.

Highlights of the proposed financial considerations for the right to be the University's exclusive beverage supplier include the following annual commitments over a ten-year period:

o Athletics Sponsorship (1)	$ 55,000
o University Sponsorship (2)	65,000
o President's Invitational Golf Tournament	25,000
o Corporate Golf Sponsorship	15,000
o Radio Tag	20,000
o Radio Remotes	15,000
o Package Advertising	20,000
o Vending and Retail Promotions	5,000
o Gatorade Sidelines Kit	1,000
o Vending Commission (estimated)	177,200
Annual Total (estimated)	$398,200

(1) $55,000 years 1 – 4, $60,000 years 5 – 6, $65,000 years 7 – 10
(2) $65,000 years 1 – 4, $70,000 years 5 – 6, $75,000 years 7 – 10

Coca-Cola's proposed annual financial considerations totaled $214,520 (estimated).

3. **Previous Board Action:** On September 9, 1999 the Board approved a ten-year Agreement with Pepsi for the right to be the University's exclusive beverage supplier. The Agreement was effective January 1, 2000 through December 31, 2009.

4. **Budget Implications:** The estimated financial considerations to the University over the ten-year Agreement period total $4,082,000 and will provide support for the University in several areas, including academic and instructional facilities, student activities, intercollegiate athletics, fund raising events and marketing.

5. **Educational Implications:** A portion of the vending commission funds are used to support educational programs that compliment classroom learning, and enrich campus life, such as lectures and cultural events and activities.

6. **Personnel Implications:** None.

7. **University Reviews/Approvals:** This recommendation was formulated by the Vice President for Finance and Administration and the Dean of Students, and reviewed by the Pouring Rights Committee, Purchasing Department, Vice President for Student Affairs and Enrollment Management and President. On November 4, 2009, the

Finance, Audit and Investment Committee reviewed the proposed agreement and recommended that it be presented at the next Formal Session of the Board.

8. Recommendation:

WHEREAS, the Pepsi Bottling Group has proposed to provide Oakland University with sponsorships, marketing support and vending commissions over the next ten-years as a result of being named Oakland University's exclusive beverage supplier; now, therefore, be it

RESOLVED, that the Board of Trustees authorizes the Vice President for Finance and Administration to negotiate and execute a pouring rights agreement with the Pepsi Bottling Group for a ten-year period beginning January 1, 2010; and, be it further

RESOLVED, that the agreement will include a requirement that the Pepsi Bottling Group provide the University, with sponsorships, marketing support and vending commissions comparable to their proposal; and, be it further

RESOLVED, that the agreement will be reviewed and approved by the Office of the Vice President for Legal Affairs and General Counsel prior to execution, and be in compliance with the law and University policies and regulations and conform to legal standards and policies of the Vice President for Legal Affairs and General Counsel.

9. Attachments: None.

Submitted to the President
on 11/3, 2009 by

John W. Beaghan
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Mary Beth Snyder
Vice President for Student Affairs and
Enrollment Management

Recommended on 11/5, 2009
to the Board of Trustees for approval by

Gary D. Russi
President