

Ms. Shelly Murray
Alcohol Beverage Control Commission
322 70th Street, S.E.
Charleston, West Virginia 25304-2900

August 6, 2009

RFQ: ABCA12

Dear Ms. Murray:

Thank you for including Ernst & Young LLP in West Virginia's RFQ for professional consulting services regarding the "Rebid of the Retail Liquor Licenses for 2010-2020". As you may know, Ernst & Young was an integral part of the original privatization of the State's retail liquor operations. We advised the Alcohol Beverage Control Commission on its decisions regarding the optimal geography of each market zone, the information materials developed for bidders, responding to bidder inquiries, evaluating qualified bids and a host of other matters. As a result, we have a unique perspective and experience which could be leveraged in this current rebid of the licenses.

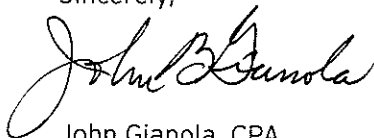
More specifically, having reviewed the RFQ, it is clear that the State is seeking a professional services firm with deep industry expertise, transaction experience and an array of skills to facilitate the rebidding process. Ernst & Young's professionals are eminently qualified with backgrounds in the various required disciplines, including:

- Project and contract management
- Valuation and business modeling
- Risk assessment
- Statutory and regulatory compliance
- Relevant industry expertise, both in the public sector and retailing

While Ernst and Young has the requisite skills and expertise to execute this important endeavor for the State of West Virginia, certain elements of the scope and role of the advisor, as described in the RFQ, preclude us from submitting a formal proposal based upon our interpretation of the professional standards, which govern accounting firms. While we are unable to proceed at this time, please let us know if you decide to modify or alter the RFQ at any time during your selection process such that we may be able to submit a comprehensive proposal which meets your needs. We have been serving the West Virginia business community since 1952 and would be excited to work on the project if we could do so within the standards of our profession.

We wish you great success with this project, and we look forward to working with the State of West Virginia in the future.

Sincerely,



John Gianola, CPA
Managing Partner, Charleston

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WV PURCHASING
DIVISION

GENERAL TERMS & CONDITIONS
REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia
2. The State may accept or reject in part, or in whole, any bid
3. All quotations are governed by the *West Virginia Code* and the *Legislative Rules* of the Purchasing Division
4. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
5. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods, this Purchase Order/Contract becomes void and of no effect after June 30.
6. Payment may only be made after the delivery and acceptance of goods or services
7. Interest may be paid for late payment in accordance with the *West Virginia Code*
8. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*
9. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes
10. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
11. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern all rights and duties under the Contract, including without limitation the validity of this Purchase Order/Contract.
12. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
13. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
14. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, and available online at the Purchasing Division's web site (<http://www.state.wv.us/admin/purchase/vrc/hipaa.htm>) is hereby made part of the agreement. Provided that, the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor
15. **WEST VIRGINIA ALCOHOL & DRUG-FREE WORKPLACE ACT:** If this Contract constitutes a public improvement construction contract as set forth in Article 1D, Chapter 21 of the West Virginia Code ("The West Virginia Alcohol and Drug-Free Workplace Act"), then the following language shall hereby become part of this Contract: "The contractor and its subcontractors shall implement and maintain a written drug-free workplace policy in compliance with the West Virginia Alcohol and Drug-Free Workplace Act, as set forth in Article 1D, Chapter 21 of the West Virginia Code. The contractor and its subcontractors shall provide a sworn statement in writing, under the penalties of perjury, that they maintain a valid drug-free work place policy in compliance with the West Virginia and Drug-Free Workplace Act. It is understood and agreed that this Contract shall be cancelled by the awarding authority if the Contractor: 1) Fails to implement its drug-free workplace policy; 2) Fails to provide information regarding implementation of the contractor's drug-free workplace policy at the request of the public authority; or 3) Provides to the public authority false information regarding the contractor's drug-free workplace policy."

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division
2. **SPECIFICATIONS:** Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Complete all sections of the quotation form
4. Unit prices shall prevail in case of discrepancy.
5. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
6. **BID SUBMISSION:** All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130