



A Member of the Compass Group®

October 18, 2004

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Kent Morrison
Assistant Superintendent
Keller ISD
350 Keller Parkway
Keller, TX 76248

Dear Kent,

This letter is in response to your recommendation memo dated September 29, 2004 for deviations and settlement of the 2003-04 contractual guarantee between the Keller ISD and Chartwells School Dining Services.

In recap of prior discussions, Chartwells submitted a proposal to the Keller ISD for foodservice based solely on information and assumptions provided in the RFP. The contract guarantee language clearly states that changes to that information will result in the revision of the guarantee by the amount of the financial impact of those changes. (Section 10.7) Chartwells has communicated these changes in a timely manner to the district, but it is always ultimately the District's foodservice operation. Philosophically, Chartwells feels that we cannot be held accountable for factors beyond our control, and therefore should not be penalized financially for those factors. We consider our relationships as true partnerships with the school districts with whom we contract.

As per previous communication, I feel comfortable that we are on the same thought process regarding the reconciliation of the year-end financial guarantee, and the understanding of the partnership in deciphering responsibilities and accountability of expenses. We presented a list of what Chartwells considers financial deviations from our initial guarantee, but also understand that these issues are not cut and dry, and we are open to reaching a mutually satisfactory resolution. I believe that you have considered these deviations with a sincere fairness to both parties.

Although you are recommending less deviations than I had originally anticipated, your recommendation would be acceptable to Chartwells. The exception to this agreement concerns the method of calculation for the impact of student enrollment. This past year the students at Keller ISD purchased lunches or spent the equivalent of a meal at a 60% participation rate. This would then calculate to an approximate \$40,370 loss in revenue, and a loss in return to the district after variable expenses of \$20,185. Replacing your calculation would revise the total recommendation to \$174,223.



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I am extremely confident that this 2004-05 school year is going to be very successful. Higher quality, more choices, and thus higher participation. Again, thanks for the opportunity to be your partner.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Norman", with a long horizontal flourish extending to the right.

Bruce Norman
Regional Vice President

cc: Keith Cullinan, Division President
Alfred Walker, Regional Director
Larry DeVoto, Resident District Manager