DEPARTMENT OF EDUCATION

School Nutrition Programs
Renewal of Food Service Management Company Cost Reimbursable Contract
School Year 2026-27

A school food authority that participates in School Nutrition Programs (SNP) and contracts for management of its school food service must use this contract renewal template to meet program requirements.

With the exception of provisions in this renewal template that require information to be inserted (reflected by "blanks"), no changes or additions may be made to the standard provisions of this renewal template ***unless approved by the Minnesota Department of Education (MDE) prior to execution of the renewal.*** *Instruction text in the template is in italics.*

The federal regulations governing the SNP limit the term of contract with a food service management company to one year, with up to four additional one-year renewal periods (a total of five years). [7 CFR 210.16(d); see also Minn. Stat. 123B.52, subd. 7 (2025)]. As such, FSMC contracts that started with the 2022-23 school year or later are eligible for renewal for the 2026-27 school year, if both parties have mutually agreed to renew.

1. Purpose

School Food Authority (SFA) Pipestone Area Schools [Cyber-Linked Interactive Child Nutrition Systems (CLiCS)] Identification Number: 1000004109] and Vendor Taher, Inc. originally entered into a contract for food service management for school year 2024-2025 ("the Contract") [insert the school year of the first year of the contract, for example, 2023-24]. The Contract provided for up to four one-year renewal periods, upon mutual agreement of SFA and Vendor.

2. Renewal of the Contract

SFA and Vendor mutually agree to renew the Contract for the additional period indicated below, which does not exceed one year.

This renewal period will be the 3 year of the Contract. *[insert 2nd, 3rd, 4th or 5th]*

Start Date for Renewal Period: 7/1/2026 End Date for Renewal Period: 6/30/2027

3. Adjusted Fixed Administrative Fee & Maximum Direct Costs

The federal regulations which govern the SNP mandate specific meal requirements. For example, the daily required components for a school lunch are at least one fruit; at least one vegetable; grains; meats/meat alternates; and fluid milk. See 7 CFR 210.10(b). The Maximum Direct Cost per meal and Fixed Administrative

Fee per meal is for one full reimbursable meal and accounts for all the meal components as required by the federal regulations.

Vendor may directly invoice the SFA for costs which are allowable pursuant to SNP regulations (see generally 2 CFR Part 200, subpart E) and which may be paid by the SFA from its nonprofit school food service account. The Fixed Administrative Fee compensates Vendor for all other costs (administrative, supervisory, general overhead, and any profit) incurred in the performance of this contract that are not otherwise billed as allowable direct costs. No separate indirect cost rate shall be applied.

The agreed-upon Fixed Administrative Fees and Maximum Direct Costs are identified in the table below and have been calculated by multiplying the previous contract period's [school year 2025-26] Fixed Administrative Fees and Maximum Direct Costs by the percent increase and adding that amount to the previous contract period's Fees and Costs.

The maximum percentage increase is 4.0, based on the Consumer Price Index for the twelve months ending December 2025.

The Maximum Direct Costs under this Contract apply only to reimbursable direct costs incurred in the provision of services and do not include the Fixed Administrative Fee. The administrative fee is a fixed fee and shall be invoiced separately from direct costs.

Meal Service	25-26 Price	Percent Increase	Increase Amount	26-27 Price
Admin Fee (example)	*$ 0.25*	*4.0%*	*$ 0.01*	*$ 0.26*
Max Direct Cost Lunch (example)	*$ 4.00*	*4.0%*	*$ 0.16*	*$ 4.16*
Management Fee	$ .2010	4.0 %	$ .08	$ .2090
Lunch	$ 4.20	4.0 %	$ .17	$ 4.364
Breakfast	$ 2.83	4.0 %	$ .11	$ 2.943
Afterschool Snack	$ 1.34	4.0 %	$ .05	$ 1.394
Milk	$ .52	4.0 %	$ .02	$ .536
Summer Breakfast	$ 2.83	4.0 %	$ .11	$ 2.943
Summer Lunch	$ 4.20	4.0%	.17	$ 4.364
Meal Equivalent	$ 4.58	4.0%	.18	$ 4.766

4. Chargeback

The SFA has the following chargeback rights: If a charge on an invoice is an unallowable charge not provided for in this Contract, the SFA may reject the charge and institute a chargeback. The SFA may institute a chargeback by: withholding the unallowable amount from payment of the invoice with the unallowable charge; recouping the amount from the Vendor's account; or offsetting the amount against future payments to the Vendor.

The SFA will notify vendor of the chargeback; Vendor must perform any required action on its end to complete the chargeback promptly and fully. There is no time limit on the SFA's right to a chargeback. The SFA never waives its chargeback rights and can request a chargeback for unallowable charges at any time during the term of this Contract.

5. **Meal Equivalency Factor**

The meal equivalency factor for school year 2026-27, used to determine the number of lunches that the à la carte food service revenue is equivalent to for billing purposes, is $5.05.

6. **U.S. Department of Agriculture (USDA) Foods**

Vendor is responsible for crediting the SFA for the value of all USDA Foods received for use in the nonprofit school food service during the school year, including entitlement and bonus USDA foods. This includes USDA Foods: received at the warehouse or processor during the renewal period and not ultimately used by the SFA; contained in processed end products procured by Vendor on behalf of the SFA; and contained in processed end products when Vendor acts as an intermediary in passing USDA Foods value through to the SFA. [7 CFR 250.51].

The Fixed Administrative Fee and the Maximum Direct Costs agreed to in this Renewal were calculated without considering the value of USDA Foods to be received for the renewal period; receipt of these USDA Foods will reduce food costs to Vendor.

After all USDA Foods for the contract year have been received at the warehouse and/or processor, the SFA will reconcile the total credits for USDA Foods provided by Vendor to the total value of USDA Foods received at the warehouse and/or processor using MDE's published *USDA Foods Received Report for the Auditor* form. This is an "annual reconciliation".

In this cost-reimbursable contract, Vendor charges the SFA for certain specified net costs of conducting the food service, including the cost of food. Since Vendor is only being reimbursed for the actual cost of the food purchased for, and used in the food service, there must be a method in place to track the use and value of USDA Foods that Vendor received on behalf of the SFA. This method is called crediting by disclosure.

The amount owed to Vendor is based on the value of the purchased inventory drawn down to produce the meals. The amount disclosed on the invoice would be the value of USDA Foods drawn down for the billing period and represents the savings resulting from the use of USDA Foods. Vendor must maintain inventory records in order to support the use of USDA Foods.

In the annual reconciliation, the SFA must ensure the amounts disclosed on Vendor invoices for the contract year add up to the amount shown on the *USDA Foods Received Report for the Auditor* report. As part of the annual reconciliation, the SFA should request inventory records from Vendor that demonstrate the receipt and use of USDA Foods for the school year.

If the annual reconciliation shows that the SFA has not received credit (by disclosure) for the value of its USDA Foods for the contract year, Vendor will pay any credit amount due to the SFA within 30 days after the release of the USDA Foods Received Report for the Auditor report. **Renewal of this Contract for any additional renewal year cannot occur until the reconciliation for the prior contract year shows that the SFA has been fully credited by Vendor for USDA Foods.**

7. **Program Requirements**

Vendor remains obligated to comply with the regulations and guidance of the United States Department of Agriculture and the Minnesota Department of Education that are applicable to the nutrition programs being administered, including but not limited to 7 CFR Parts 210, 215, 220, 225, 245, 250, and 2 CFR Parts 200 and 400, and additions or amendments thereto.

8. Invoice Requirements

Each invoice submitted by Vendor must contain sufficient detail: to allow the SFA to verify that the direct costs are allowable pursuant to the federal regulations and may be paid by the SFA from its nonprofit school food service account; and all discounts, rebates and other applicable credits (including USDA Foods) have been passed on to the SFA from Vendor.

At a minimum, invoices must include separate line items for the following, broken down by meal type (e.g., breakfast, lunch):

- Direct, allowable costs charged to the SFA (in an amount not to exceed the agreed-upon contract amount of Maximum Direct Costs) and further broken down into:
    - Food costs;
    - Labor costs; and
    - Supplies and other allowable costs (with sufficient detail to determine allowability).
- Fixed Administrative Fee (in an amount not to exceed the agreed-upon contract amount)
- Discounts, rebates and other applicable credits and further broken down into:
    - The value of USDA Foods received during the billing period;
    - Discounts received by Vendor as a result of purchases on behalf of the SFA, prorating discounts as necessary;
    - Rebates received by Vendor as a result of purchases on behalf of the SFA, prorating rebates as necessary; and
    - Other applicable credits (describing the nature of the credit) received by Vendor as a result of purchases on behalf of the SFA, prorating the credits as necessary.

The SFA is not obligated to pay any invoice submitted by Vendor that does not meet the requirements identified in this paragraph.

9. Documentation

Vendor must maintain records that establish the visibility of unallowable costs, including directly associated costs in a manner suitable for contract cost determination and verification. [7 CFR 210.21(f)(1)(ii)(B)]. Vendor must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the SFA, MDE, or the USDA. [7 CFR 210.21(f)(1)(vi)]. Vendor will maintain records identifying the types, amounts and cash values of USDA Foods received. [7 CFR 250.54].

10. Termination

If either party commits a material breach, the non-breaching party may terminate this agreement for cause by giving 60 days' written notice. If the breach is remedied prior to the proposed termination date, the non-breaching party may elect to continue this agreement.

The following are all material breaches of this Contract: Vendor failing to produce, within five business days of the SFA's request, documentation of the discounts, rebates and other applicable credits due to the SFA; Vendor charging the SFA in excess of the agreed-upon fixed administrative fee and/or maximum direct costs per meal on an invoice; and Vendor failing to produce, within five business days of the SFA's request, sufficient documentation to support a direct cost charged to the SFA.

The SFA and Vendor may only terminate the contract without cause or for convenience if both parties mutually agree to terminate the contract.

11. Original Contract Terms

Unless a provision of the original Contract is specifically modified in this renewal document, all terms, provisions and conditions as set forth in the original Contract remain unmodified and in full force and effect. In cases of direct conflict between provisions in the original Contract and provisions in this renewal document, the provisions of this renewal document control.

12. Certifications

By executing this renewal document, Vendor expressly and specifically agrees that: each Certification, Certificate and Assurance attached to the original Contract (or, in the case of the Assurance of Civil Rights, attached to a previous renewal document) remains true and accurate as of the date of Vendor's signature on this renewal document; and Vendor will continue to comply with each and every Certification contained in the "Certifications" section of the original Contract, including those regarding compliance with applicable civil rights laws and Buy American provisions.

13. Other Modifications

☐ If this box is checked, SFA and Vendor have agreed to additional minor modifications to the terms of the original Contract, which have been preapproved by MDE and are attached to this renewal document on a separate sheet labeled "Other Modifications".

[Signature Block Follows on the Next Page]

Signatures

School Food Authority: Pipestone Area Schools

Address: 1401 7th St SW

Authorized Representative: Dr. Klint Willert

Title: Superintendent of Schools

Signature:

Date: 6/26/2026

Vendor: Taher, Inc

Address: 5570 Smetana Drive, Minnetonka MN 55343

Authorized Representative: Bruce Taher

Title: CEO & President

Signature:

Date: 6/26/2026

School Food Authority Contact: Jennifer Dunn

Title: Payroll/HR/SFA

Phone: (507) 562-6071

Email: Jennifer.dunn@pas.k12.mn.us

Vendor Contact: Jeri Crater

Title: Vice President of Operations

Phone: (952) 945-0505

Email: j.crater@taher.com