

West Orange-Cove CISD

SFA Name

181906

County District Number/
Program (TX) Number

2014-15 TDA CONTRACT RENEWAL CHECKLIST
School Food Authority Renewal of Food Service
Management Company Contract

This checklist must be completed and submitted to TDA for approval with the referenced items attached by April 30, 2014, for contract renewals for the 2014-15 school year. Contract renewals submitted after April 30, 2014, could require the School Food Authority (SFA) to return to a self-operated Food Service Program.

Please check each box for which information and/or documents have been provided.

- ☒ 1. Cover letter stating SFA's intent to renew its contract with the FSMC for the 2014-15 school year.
- ☒ 2. Contract Renewal Agreement. (Please check boxes where applicable.)
- ☒ A. Methodologies for Fee Increases

Fee increases, including Allocated Charges, must be linked to the Consumer Price Index ("CPI"). A methodology and calculation must be provided for each fee increase to reflect the percentage of increase in the CPI. Please check each box below which applies to your SFA.

- ☒ Administrative Fee Increase/Methodology Attached

Current Administrative Fee \$.12276
Proposed Administrative Fee \$.12276

- ☒ Management Fee Increase/Methodology Attached

Current Management Fee \$.04092
Proposed Management Fee \$.04092

- ☐ Fixed Meal-Rate Increase/Methodology Attached

- ☐ School Breakfast Program

Current Fee \$ _____
Proposed Fee \$ _____

- ☐ National School Lunch Program

Current Fee \$ _____
Proposed Fee \$ _____

TDA CONTRACT RENEWAL CHECKLIST

Page 2 of 3

☐ Afterschool Care Program

Current Fee \$ _____

Proposed Fee \$ _____

☒ Allocated Charge Increase/Methodology Must Be Attached For Each Allocated Charge Being Increased.

☒ No Fee Increase

☐ B. Regulatory Changes

SFA must ensure that any changes in regulatory requirements are addressed by amendment to the contract. Please check box above if SFA included any regulatory changes in renewal agreement.

☒ C. Contract term

The term of any contract renewal must coincide with the upcoming school calendar year. Please review SFA's original contract to determine the correct number of renewals permitted after this renewal.

☒ D. Guaranty

Changes to the Guaranty, such as additions to the terms, are not permitted. Guaranty dollar amount changes may not be material changes, i.e. more than \$100,000.

☒ 3. Food Service Budget

A Food Service Budget must be completed in the format provided by this office in the Renewal Packet with all line items addressed. Allocated Charges to the SFA must be addressed separately as individual line items.

☒ 2013-14 Food Service Budget
Auditable Food Service Budget from the school year ending June 2014

☒ 2014-15 Food Service Budget
Projected Food Service Budget for the upcoming school year

☒ 4. List of Schools Served

Provide a list of schools served by the FSMC and a list of any schools added or deleted from the original contract and subsequent renewals.

TDA CONTRACT RENEWAL CHECKLIST

Page 3 of 3

☒ 5. Certifications

Provide the following signed certifications:

☒ Exhibit A - Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions

☒ Exhibit B - Anti-Collusion Affidavit

☒ Exhibit C - Certification regarding Lobbying, Disclosure of Lobbying Activities and Instructions

☒ 6. District Employee to Contact

Provide the following information for the individual at the SFA responsible for answering questions and correspondence concerning its food service operation:

☒ Name & Job Title Anitrea Goodwin
Executive Director of Human Resources

☒ Telephone Number 409-882-5610

☒ Fax Number 409-882-5467

☒ Email Address ango@woccisd.net



WEST ORANGE – COVE CISD

902 W Park Ave., P.O. Box 1107

Orange, Texas 77631

Phone: 409.882.5610 Fax: 409.882.5470

James Colbert
Superintendent

April 17, 2014

Texas Department of Agriculture
Attn: Robin Roark
Food and Nutrition Division
P.O. Box 12847
Austin, TX 78711

Re: Food Service Management Company Contract Renewal

Dear Mr. Roark:

Please be advised that it is the intent of West Orange-Cove CISD to renew the existing Food Service Management Contract with Aramark for the upcoming 2014-2015 school year.

Enclosed you will find documentation as requested in the 2013-2014 TDA Contract Renewal Checklist. Please advise if there are additional requirements or questions.

Sincerely,

James Colbert
Superintendent
409-882-5600

Enclosure



James Colbert
Superintendent

WEST ORANGE – COVE CISD

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Cost Reimbursable Amendment

April 17, 2014

Barbara Flanagan
Regional Vice President
ARAMARK Educational Services, LLC
4790 Regent Blvd, Suite 150
Irving, TX 75063

Re: Amendment No. 2 to Contract for Food Services Management

Dear Ms. Flanagan:

This letter shall confirm the understanding between you and our representatives that effective July 1, 2014, the food services management Contract between **West Orange-Cove CISD** ("SFA") and **ARAMARK EDUCATIONAL SERVICES, LLC** ("FSMC") effective July 1, 2012, ("Contract") shall be amended as follows:

1. Section III.A.8, Definitions, is hereby deleted in its entirety and replaced with the following:

"8. "Effective Date" means July 1, 2014."
2. Section III.B.1, Scope and Purpose, is hereby deleted in its entirety and replaced with the following:

"1. Duration of Contract. Unless it is terminated in accordance with Section L, this Contract will be in effect for a period of one year from July 1, 2014 through June 30, 2015, and may be renewed for 2 additional term(s) of one year each upon mutual agreement between SFA and FSMC."
3. Section III.J.4.b(3), Financial Terms. The amount of General and Administrative Expense Fee Per Meal/Meal Equivalent is deleted and replaced with the following [\$0.12276].
4. Section III.J.4.b(4), Financial Terms. The amount of Management Fee Per Meal/Meal Equivalent is deleted and the following substituted: [\$0.04092].



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5. Exhibit A, Schedule of Food Service Locations and Services Provided, is deleted in its entirety and replaced with Exhibit A, Schedule of Food Service Locations and Services Provided, attached hereto.
6. Exhibit C, Food Service Budget, is deleted in its entirety and replaced with Exhibit C, the Food Service Budget for the 2014-2015 School Year, attached hereto.
7. Exhibit F, Methodology for Allocated Costs, is deleted in its entirety and replaced with Exhibit F, Methodology for Allocated Costs, attached hereto.
8. Exhibit I, Schedule of Terms for FSMC Guaranty, is deleted in its entirety and replaced with Exhibit I, Schedule of Terms for FSMC Guaranty, attached hereto.
9. This Amendment is only valid for the 2014-2015 School Year. This Amendment shall terminate on June 30, 2015. Unless there are no renewal options remaining, the Contract may be renewed upon expiration of this Amendment if the Texas Department of Agriculture (TDA) determines there are no material changes in the nutrition standards and meal requirements in the Contract compared to those required by the January 26, 2012 Final Rule titled Nutrition Standards in the National School Lunch and School Breakfast Programs, 77 FR 4088 (Final Rule). If TDA determines that there are material changes between the nutrition standards and meal requirements in the Contract compared to those required by the Final Rule, the Contract will have to be rebid effective July 1, 2015.
10. This Amendment is executed by the Parties in their capacities as stated below. All parties represent and warrant that the persons signing this Amendment are authorized to bind the respective parties.

In all other respects, the Contract shall remain in full force and effect. This letter shall be attached to, and become part of, the Contract.



WEST ORANGE – COVE CISD

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If the foregoing is in accordance with your understanding, please sign, date, and return the enclosed copies of this letter at your convenience.

West Orange-Cove CISDE INDEPENDENT SCHOOL DISTRICT

By: _____

Name: James Colbert

Title: Superintendent

ARAMARK EDUCATIONAL SERVICES, LLC

By: _____

Name: Barbara Flanagan

Title: Vice President



James Colbert
Superintendent

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List of School Served

North Early Learning Center

West Orange-Stark Elementary

West Orange-Stark Middle School

West Orange-Stark High School

Unit Name: West Orange-Cove CISD
PC#: 000006655

Methodology for Calculation of Increase in
Management Fee and General and Administrative Expense

ARAMARK has utilized the following methodology in calculating the increase in its Management Fee and General and Administrative Expense for the 2014 – 2015 school year.

ARAMARK has compared the seasonally adjusted value of the Consumer Price Index, as published by the U.S. Department of Labor, Bureau of Labor Statistics (1982 – 84 = 100% base period), **Food Eaten Away From Home** ("CPI"), for February 2013 to the seasonally adjusted value of the CPI for February 2014 and calculated the increase, on a percentage basis, in the CPI during such period. ARAMARK's Management Fee and General and Administrative Expense were then increased by a percentage equivalent to the percentage increase in the CPI over the measured period.

CPI-U Food Eaten Away From Home

CPI Index, Feb 2013	240.930
CPI Index, Feb 2014	246.187
Increase	5.257
% Increase	2.2%

Based on the current CPI Index, Aramark may increase or fees by 2.2%. However due to economic conditions facing our Clients and the value Aramark can provide as a national organization and your valued partner, we will not increase our fees for the 2014 – 2015 school year.

	Last Year			Next Year
General and Administrative Exp	0.12276	X	1 =	<u>0.12276</u>
Management fee	0.04092	X	1 =	<u>0.04092</u>

Exhibit C

FOOD SERVICE BUDGET - COST REIMBURSABLE

West Orange Cove ISD

School Year 2013-14

Revenues:

Cash Sales:

Student Breakfast \$	<u>13,191</u>	
Student Lunch Sal \$	<u>67,106</u>	
Student Snack Sal \$	<u>0</u>	
Student a la carte \$	<u>70,332</u>	
Adult Sales \$	<u>19,203</u>	
Catering Sales \$	<u>0</u>	
Interest Income \$	<u>0</u>	
Concession Sales \$	<u>0</u>	
Vended Meal Sale \$	<u>0</u>	
Total Cash		\$ <u>169,832</u>

State and Federal Reimbursement/Funding

NSLP \$	<u>933,743</u>	
SBP \$	<u>337,227</u>	
ASCP \$	<u>21,869</u>	
SSO \$	<u></u>	
SFSP \$	<u>0</u>	
State Matching Fu \$	<u>8,069</u>	
Commodities Recd \$	<u>70,744</u>	
Other Funding \$	<u>0</u>	
Total Reimbursements		\$ <u>1,371,652</u>

**Total Revenues: = All Cash Sales + All
Reimbursements**

\$ 1,541,484

West Orange Cove ISD
Food Service Budget (cont.)

Expenses:

Gross Food Costs	\$	<u>564,581</u>
Food Delivery Costs	\$	<u>0</u>
Commodities Used (Call TDA Commodity Division for annual Usage amount for the district)	\$	<u>70,744</u>
Commodity Delivery	\$	<u>0</u>
Commodity Processing	\$	<u>0</u>

Total Food Costs 635,325

Labor Costs (#FTE / PTE)

FSMC Salaried Employees:
(Completed by the FSMC)

FTE 1 PTE 0

Base Gross Salary	\$	<u>55,472</u>
Educational Assistance	\$	<u>0</u>
Incentive Payments	\$	<u>0</u>
Bonus	\$	<u>0</u>
Merit Increase	\$	<u>0</u>
Retirement/IRA	\$	<u>0</u>
401k, 403(b)(7)	\$	<u>0</u>
Fringe Benefits	\$	<u>26,346</u>
Payroll Taxes	\$	<u>5,410</u>

FSMC Hourly Staff

FTE 0 PTE 0

Gross Salaries	\$	<u>0</u>
Benefits	\$	<u>0</u>
Payroll Taxes	\$	<u>0</u>

District Staff

FTE 24 PTE 0

Gross Salaries	\$	<u>\$ 479,510</u>
Payroll Taxes	\$	<u>0</u>
Benefits	\$	<u>0</u>

Other Payroll Costs (FSMC)

Worker's Comp	\$	<u>0</u>
Other	\$	<u>0</u>

Other Payroll Costs (District)

Worker's Comp	\$	<u>0</u>
Other	\$	<u>0</u>

Total Labor Costs \$ 566,738

West Orange Cove ISD
Food Service Budget (cont.)

FSMC Fees

Administrative Fees Cost	\$	81,216
Management Fee Costs	\$	27,071

Total Fees \$ 108,287

FSMC Direct Costs

Paper, Disposable Goods & Replacement/Smallwares	\$	59,977
Contracted Labor	\$	1,600
Auto Expenses	\$	0
Insurance Expenses	\$	1,104
Telephones	\$	3,052
Office Supplies	\$	600
Amortization of Marketing	\$	3,275
Performance Bond	\$	1,200
Uniforms and Laundry	\$	0
Other Delivery & Freight/Travel	\$	3,194
Advertising, Promotions & Nutrition Education	\$	2,356
Equipment Repair	\$	3,000
Licenses	\$	1,772
Employee Travel	\$	2,360
Security background check	\$	366
Miscellaneous -	\$	3,910
		0
		3,000

Management Meetings

Total FSMC Direct Costs \$ 90,766

District Direct Costs – Use same subcategory

Utilities	\$	50,000
Software Maintenance	\$	1,400
Health Inspection	\$	1,200
Fire Extinguisher Maintenance	\$	1,500
Office Supplies	\$	0
Miscellaneous Expense	\$	1,082
Repair of Equipment	\$	0
Equipment Purchase	\$	0
Replacement Cost	\$	0
Contracted Services	\$	0
Background Check	\$	0

Total District Direct Costs \$ 55,182

Total Direct Costs \$ 145,948

West Orange Cove ISD
Food Service Budget (cont.)

FSMC Indirect Costs – Subcategory examples include:

FSMC Charges		
Technology Expense	\$	<u>0</u>
a. Technology Allocated CI	\$	<u>7,296</u>
b. Other Technology Charge	\$	<u>2,400</u>
Insurance Allocated Charge	\$	<u>4,965</u>
(Worker's Comp. Excl.)	\$	<u>0</u>
Other Allocated Charges	\$	<u>0</u>
Franchise Charges	\$	<u>0</u>
Trademark Charges	\$	<u>0</u>
Other Indirect Cost Category	\$	<u>0</u>

Total FSMC Indirect Costs \$ 14,661

**Total Discounts, Rebates,
Applicable** \$ (69,575)

**Total Expenses = All Food Costs + All Labor Costs
+ All Fees + All Direct Costs + All Indirect Costs –
Applicable**

**Credits, allowances or incentives
Suppliers credited to SFA** \$ 1,401,384

Surplus / Subsidy = Total Revenues – Total Expenses \$ 140,100

FSMC Guaranteed Return \$ 140,100

FSMC Guaranteed Break Even None

FSMC Guaranteed Subsidy None

School District Employee Responsible for submission of this budget data:

Name: Anitrea Goodwin
Telephone: 409-882-5610

FSMC Employee responsible for submission for this budget data:

Name: Danielle Robinson
Telephone: 409-882-5447

West Orange Cove ISD
Food Service Budget (cont.)

Expenses:

Gross Food Costs	\$		<u>574,069</u>	
Food Delivery Costs	\$		<u>0</u>	

Commodities Used (Call TDA Commodity Division for annual Usage amount for the district)	\$		<u>75,881</u>	
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Commodity Delivery	\$		<u>0</u>	
Commodity Processing	\$		<u>0</u>	

Total Food Costs			<u>649,950</u>	
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Labor Costs (#FTE / PTE)

FSMC Salaried Employees: (Completed by the FSMC)		FTE	<u>1</u>	PTE	<u>0</u>
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Base Gross Salary	\$		<u>51,410</u>	
Educational Assistance	\$		<u>0</u>	
Incentive Payments	\$		<u>0</u>	
Bonus	\$		<u>0</u>	
Merit Increase	\$		<u>0</u>	
Retirement/IRA	\$		<u>0</u>	
401k, 403(b)(7)	\$		<u>0</u>	
Fringe Benefits	\$		<u>25,739</u>	
Payroll Taxes	\$		<u>5,045</u>	

FSMC Hourly Staff		FTE	<u>0</u>	PTE	<u>0</u>
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Gross Salaries	\$		<u>0</u>	
Benefits	\$		<u>0</u>	
Payroll Taxes	\$		<u>0</u>	

District Staff		FTE	<u>24</u>	PTE	<u>0</u>
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Gross Salaries	\$	<u>\$ 489,100</u>	
Payroll Taxes	\$	<u>0</u>	
Benefits	\$	<u>0</u>	

Other Payroll Costs (FSMC)

Worker's Comp	\$		<u>0</u>	
Other	\$		<u>0</u>	

Other Payroll Costs (District)

Worker's Comp	\$		<u>0</u>	
Other	\$		<u>0</u>	

Total Labor Costs			<u>\$ 571,294</u>	
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West Orange Cove ISD
Food Service Budget (cont.)

FSMC Fees

Administrative Fees Cost	\$	72,163
Management Fee Costs	\$	24,054

Total Fees \$ 96,217

FSMC Direct Costs

Paper, Disposable Goods &

Cleaning	\$	<u>49,005</u>
Replacement/Smallwares	\$	<u>5,247</u>
Contracted Labor	\$	<u>0</u>
Amortization - buyback	\$	<u>6,180</u>
Telephones	\$	<u>600</u>
Office Supplies	\$	<u>2,604</u>
Performance Bond	\$	<u>0</u>
Uniforms and Laundry	\$	<u>5,703</u>
Other Delivery & Freight/	\$	<u></u>

Advertising, Promotions,

Marketing & Menu	\$	<u>9,039</u>
Equipment Repair	\$	<u>13,620</u>
Licenses	\$	<u>0</u>
Employee Travel	\$	<u>1,122</u>
Miscellaneous -	\$	<u>564</u>

Total FSMC Direct Costs \$ 93,684

District Direct Costs – Use same subcategory

Utilities	\$	<u>51,500</u>
Software Maintenance	\$	<u>1,400</u>
Health Inspection	\$	<u>1,200</u>
Fire Extinguisher Maintenance	\$	<u></u>
Office Supplies	\$	<u>0</u>
Miscellaneous Expense	\$	<u></u>
Repair of Equipment	\$	<u>0</u>
Equipment Purchase	\$	<u>0</u>
Replacement Cost	\$	<u>0</u>
Contracted Services	\$	<u>0</u>
Background Check	\$	<u>0</u>

Total District Direct Costs \$ 54,100

Total Direct Costs \$ 147,784

West Orange Cove ISD
Food Service Budget (cont.)

FSMC Indirect Costs – Subcategory examples include:

FSMC Charges		
Technology Expense	\$	<u>0</u>
a. Technology Allocated CI	\$	<u>7,296</u>
b. Other Technology Charge	\$	<u>1,440</u>
Insurance Allocated Charge	\$	<u>2,326</u>
(Worker's Comp. Exclu.	\$	<u>0</u>
Other Allocated Charges	\$	<u>0</u>
Franchise Charges	\$	<u>0</u>
Trademark Charges	\$	<u>0</u>
Other Indirect Cost Categor	\$	<u>0</u>

Total FSMC Indirect Costs \$ 11,062

**Total Discounts, Rebates,
Applicable** \$ (49,656)

**Total Expenses = All Food Costs + All Labor Costs
+ All Fees + All Direct Costs + All Indirect Costs –
Applicable
Credits, allowances or incentives
Suppliers credited to SFA** \$ 1,486,542

Surplus / Subsidy = Total Revenues – Total Expenses \$ 145,389

FSMC Guaranteed Return	\$ <u>145,389</u>
FSMC Guaranteed Break Even	<u>None</u>
FSMC Guaranteed Subsidy	<u>None</u>

School District Employee Responsible for submission of this budget data:

Name: Anitrea Goodwin
Telephone: 409-882-5610

FSMC Employee responsible for submission for this budget data:

Name: Danielle R. Robinson
Telephone: 409-882-5447

ARAMARK Education K-12
Methodology to Calculate Information Technology System Charge

ARAMARK provides its clients with an information technology system ("IT System") necessary for the operation of school district's food service program. The cost of the IT System is reflected in a charge to each school district. The methodology to calculate the IT System charge to Education K-12 clients is as follows:

The costs are allocated to the ARAMARK business units within Food and Support Services, including Education K-12, using a method that reasonably and fairly approximates the number of users in each business unit. This method is based on the number of exempt employees in a business unit. As a result, Education K-12 was allocated 6.0% of the total costs in 2013.

The majority of the costs in the IT System charge relate to the Oracle enterprise reporting system, communications systems needed to access applications nationwide, the toll-free IT Service Center, and a corporate Intranet that provides field units with all of ARAMARK's knowledge resources. Specifically, these costs include the purchase of the new servers and licenses, development and installation of the systems, development of the new communication systems, purchases of other software, and training costs for the new systems. The total costs for Education K-12 are then allocated to each school district. School districts are charged \$3,108 per year.

In addition, each school district is charged \$4,188 per year for the support provided by the Information Technology department of Education K-12. Education K-12 IT provides training, applications development and help desk support services for systems unique to Education K-12, including:

- Education K-12 Food Service Accounting System
- Education K-12 Intranet sites and services
- Point of Sale Systems Consulting
- Education K-12 Food Production System

The rates above will be reviewed each year and adjusted in accordance with this methodology each year, if necessary.

This methodology is used each year to develop the IT System Charge. Each year, the costs are reviewed and adjusted (if needed) to assure that they are based on actual cost. In addition, a reconciliation will be performed annually and if there is a material difference in the IT System Charge amount and actual costs incurred, an adjustment will be made to the client (contract) year in question.

Exhibit F

ARAMARK EDUCATION K-12 METHODOLOGIES FOR ALLOCATED COSTS

ARAMARK Education K-12

Methodology to Determine Charge for Fringe Benefits & Human Resource Services

The methodology to determine the Charge for Fringe Benefits & Human Resources Services for ARAMARK Education K-12 is as follows:

- 1) The costs charged to clients in Education K-12 can be grouped into three cost categories as follows:
 - a) Benefit costs for all salaried employees at the unit level, which includes group medical and dental, disability and life insurance, and retirement benefits. The benefit costs are estimated for the upcoming year based on past year's experience. Prior year's benefits as a percentage of salaries and wages for the unit salaried employees is developed and applied to the estimate of salaries and wages of unit salaried employees for the upcoming year.
 - b) A budget is set at each region and division levels to cover training programs including direct tuition charges incurred for outside training, training program development costs, training materials costs, and costs incurred in connection with training provided to front line personnel, Directors and hourly staff. This budget also covers the cost of a replacement manager for Directors on extended sick leave, and costs for new manager trainees. The budget for each region is based on past year's experience and the number of salaried employees in each region.
 - c) A budget is established for costs incurred in connection with providing human resource support to ARAMARK's front line personnel. Some examples of these costs include: costs incurred to ensure compliance with EEO and other employment laws, costs incurred at the District, Regional and Corporate levels to direct and oversee personnel decisions, industrial relations costs, and costs incurred to recruit front line personnel. Also included in this budget are costs incurred by management at the Corporate, Food & Support Services, Division, Region and District levels to support all training and benefit programs provided to front line personnel (Directors and hourly staff).
- 2) The total of all the above costs is divided by the estimated wages of all salaried employees at the unit level to arrive at an effective Charge for Fringe Benefits and Human Resources Services rate for the 2014-2015 school year of 40%. This rate will be reviewed each year and adjusted in accordance with this methodology each year, if necessary.
- 3) This methodology is used each year to develop the Charge for Fringe Benefits and Human Resources Services. Each year the costs are reviewed and adjusted (if needed) to assure they are based on actual cost. In addition, a reconciliation will be done annually and if there is a

material difference in the Charge for Fringe Benefits and Human Resources Services amount and actual costs incurred an adjustment will be made to the client (contract) year in question.

ARAMARK Education K-12 Methodology to Calculate General Insurance Charge

The methodology to calculate the General Insurance charge to ARAMARK Education K-12 clients is as follows:

- 1) All insurance premiums and most other insurance costs originate at the ARAMARK corporate level and are allocated down to the two domestic business groups in the corporation, Food and Support Services and Uniform and Career Apparel. Food and Support Services ("FSS") is charged based on the total losses of FSS as a percentage of ARAMARK's total losses in prior years. These costs would include:
 - a) Risk insurance premiums and estimated self insured retention (workers compensation, general liability & automobile liability)
 - b) Environmental insurance premiums
 - c) Employment practice insurance premiums
 - d) Professional services liability insurance premiums
 - e) Excess liability insurance (umbrella) premiums
 - f) Brokers administration costs for risk insurance programs
 - g) Claims administration costs for risk insurance programs
 - h) ARAMARK Corporate Risk Management Department costs, including the Safety and Claims Management Departments
 - i) Database and third party administration costs
 - j) ARAMARK Corporate financing costs
- 2) Insurance costs are then charged to each line of business, including Education K-12, based on two factors:
 - a) Sixty percent of the costs (excluding costs that pertain to overhead employees – which are estimated at 0.35% of salaries for those employees) are charged to each line of business in FSS based on "Loss Experience". Loss Experience is the average of estimated incurred and paid losses for the three most recent fiscal years valued at March of the following year, with individual claims capped at \$2,000,000. Each line of business is charged 60% of the costs based on their share of the Loss Experience in relation to total FSS.
 - b) Forty percent of the costs (excluding the costs that pertain to the overhead employees) are charged based on "Exposure". Exposure is defined as payroll dollars since approximately 75% of the paid losses are for workers compensation claims. Each line of business is charged 40% of the costs based on their estimated total payroll in relation to the total payroll of FSS.
- 3) In addition to the insurance costs charged to FSS from Corporate, the cost of Monopolistic State premiums and self insured retention are included. This insurance covers workers

compensation, which is not covered under the corporate policy, but is covered by state administered programs for Washington, Wyoming, North Dakota, Puerto Rico and Ohio. These costs are aggregated at the FSS level, and are charged to each line of business based on their share of the Loss Experience in relation to total FSS, as defined above.

- 4) The total costs for insurance programs, which exceed \$6M in fiscal 2013 are broken down into three areas:

a) Overhead employees are charged a flat 0.35% of payroll, reflecting the relatively low exposure and loss experience.

b) Contracts in Monopolistic States do not get charged anything for ARAMARK's worker's compensation insurance premiums, rather, they are charged based on the individual state insurance charges.

c) Contracts in non-Monopolistic States are charged a rate of 4.46% for the 2014-2015 school year that is calculated as the percentage of ARAMARK Education K-12 payroll expense needed to cover the insurance premiums and others anticipated costs allocated to Education K-12 by ARAMARK Corporate. This rate can vary from year to year depending on fluctuations in "Loss Experience", "Exposure", Administrative Costs, and Risk Management Costs, as discussed above. As such, ARAMARK Education K-12 will review this rate each year, and adjust, if necessary, in accordance with this methodology.

- 5) This methodology is used each year to develop the General Insurance Charge. The actual costs incurred are reviewed at the end of every fiscal year and adjusted (if needed) to assure the General Insurance Charge is accurate and reflects only actual costs. A reconciliation of the General Insurance Charge allocated to each client's program is completed at the end of each ARAMARK fiscal year and, if there is a material difference in the General Insurance Charge and actual costs incurred, an adjustment will be made to the client (contract) year in question.

Exhibit I

SCHEDULE OF TERMS FOR FSMC GUARANTY

- 1) **Projected Food Service Budget Surplus:** FSMC estimates that the projected surplus for the 2014/2015 School Year ("Current Year") shall be at least \$145,389 (the "FSMC Guaranteed Return") for those items of revenue and expense set forth in the Food Service Budget attached hereto as Exhibit C.
- 2) **ARAMARK Reimbursement:** FSMC agrees to reimburse SFA for the amount, if any, by which SFA's Surplus is less than the FSMC Guaranteed Return for the Current Year ("SFA's Shortfall") up to an amount equivalent to \$145,389 for the Current Year. SFA shall be responsible for the balance of the SFA's Shortfall. The term "SFA's Surplus" shall mean the amount, if any, by which SFA's actual Total Revenues for the Current Year exceed SFA's actual Total Expenses for the Current Year.
- 3) **Reimbursement Conditions and Assumptions:** FSMC's obligation to reimburse SFA in accordance with paragraph 2 above shall remain in effect only during the Current Year and is contingent upon the following conditions and assumptions remaining in effect for the Current Year:
 - (a) Reimbursement rates for NSLP and NSBP meals for the 2014/2015 School Year shall increase by percentages at least equal to the percentage increases experienced for the 2013/2014 School Year by day part and meal type.
 - (b) The value of government donated commodities or cash in lieu thereof received shall not be less than the value of government donated commodities or cash in lieu thereof received during the prior school year. The mix and quantity of government donated commodities shall not change from the mix and quantity received the prior school year so as to increase actual food costs over the level of projected food cost set forth in Exhibit C.
 - (c) There shall be at least 175 full service days where breakfast and lunch are served for the Current Year. There shall be at least 14 Summer Food Service Program service days in the High School and 32 Summer Food Service Program service days in the Elementary school where breakfast and lunch are served for the Current Year.
 - (d) The average daily student attendance for the Current Year shall be at least 2,137.
 - (e) The cost of wages, salary, and fringe benefits for the food service operations employees or the number of such employees shall not exceed such levels as set forth in Exhibit C. FSMC's reimbursement obligation is based on the Federal and State minimum wage laws and health care benefit rates, laws, and regulations including, without limitation, any prevailing wage rates and laws, in effect as of January 1, 2014. Should the minimum wage or health and welfare benefit rates be increased above the January 1, 2014 level pursuant to any Federal, State or local law or regulation, or should FSMC's costs increase due to causes beyond FSMC's control, FSMC's reimbursement obligation shall automatically be adjusted to cover increased costs resulting directly or indirectly from such increase.

- (f) The actual costs charged to the Food Service Budget by SFA shall not exceed the projected operating expenses as set forth in Exhibit C.
- (g) Revenue from a la carte sales will be at least equal to a la carte sales from the 2013/2014 school year.
- (h) Food costs during the Current Year shall not increase by an amount greater than Three Percent (3%). For the purposes of this provision, food costs shall be measured by comparing the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics (1982 = 100% base period), Food Away From Home ("CPI") (or a comparable index if that index is not available), in effect on June 30, 2015 to the CPI in effect on June 30, 2014.
- (i) SFA and its representatives, including, but not limited to, the SFA liaison, school principals, teachers and SFA employees shall fully cooperate with FSMC and its representatives in the implementation of the Food Service Program and any modifications to the Food Service Program. SFA shall fully cooperate with FSMC to limit the expansion of competitive food sales in order to maximize the Gross Receipts and other non-cash sales of the Food Service Program.
- (j) The ratio of students eligible to receive free and reduced price meals as compared to total student enrollment shall not decrease from prior year.
- k) SFA and/or any facility affiliated with SFA shall neither hire any supervisory employee of FSMC, nor permit any supervisory employee of FSMC to be employed on SFA's premises or on the premises of any facility affiliated with SFA during the Current Year or for a period of 12 months subsequent to the Current Year (unless such employees were formerly employees of SFA) whether as an individual or as owner, partner, majority stockholder, director, officer or employee of a food service provider. For the purpose of this provision, "supervisory employees" shall be defined as those persons who have directly or indirectly performed management or professional services on SFA's premises at any time during the Current Year or the 12 month period immediately preceding the Current Year.

In the event any of the foregoing conditions or assumptions is not met during the Current Year, FSMC's obligation shall be reduced by the amount of any increase in SFA's Total Expenses or any reduction in Total Revenues which is attributable to the changes in such conditions or assumptions. Furthermore, if during the Current Year SFA requests a change in any phase of the Food Service Program that results in a material decrease in Total Revenues or a material increase in Total Expenses from the amounts set forth in Exhibit C, FSMC shall advise SFA of its estimate of the increase in the Total Expenses or decrease in Total Revenues attributable to such requested change. Any budget, including the Food Service Budget, agreed to by FSMC and SFA shall be adjusted to reflect such estimated increase in Total Expenses or decrease in Total Revenues.

4.) ARAMARK Manager Guaranty. ARAMARK is committed to providing SFA with an experienced and highly qualified full-time manager to provide leadership and direction to SFA's Child Nutrition Department. ARAMARK will waive its Management Fee for any days during which we do not provide SFA with a manager where the absence of a manager is due to reasons other than vacation and paid time off.

EXHIBIT A

U. S. DEPARTMENT OF AGRICULTURE

**Certification Regarding Debarment, Suspension, Ineligibility, and
Voluntary Exclusion-Lower Tier Covered Transactions**

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7CFR Part 3017, Section 3017.510, Participants' responsibilities. The regulations were published as Part IV of the January 30, 1989, Federal Register (pages 4722-4733). Copies of the regulations may be obtained by contacting the Department of Agriculture agency with which this transaction originated.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON NEXT PAGE)

- (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

ARAMARK Educational Services, LLC
Organization Name

PR/Award Number or Project Name

Barbara Flanagan
Name of Authorized Representative

Vice President
Title

Barbara Flanagan
Signature

February 28, 2014
Date

EXHIBIT A (Continued)

Instructions for Certification

1. By signing and submitting this form, the prospective lower tier participant is providing the certification set out on the form in accordance with these instructions.
2. The certification in this clause is a material representation of fact upon which reliance was placed when the transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction", "debarred", "suspended", "ineligible", "lower tiered covered transaction", "participant", "person", "primary covered transaction", "principal", "proposal", and "voluntarily excluded" as used in this clause, have the meanings set out in the definitions and coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this form that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tiered covered transaction with a person who is debarred, suspended, declared ineligible or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this form that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions", without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible or voluntarily excluded from that covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Non-procurement List.

EXHIBIT A (Continued)

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

EXHIBIT B

ANTI-COLLUSION AFFIDAVIT

STATE OF TEXAS)

COUNTY OF DALLAS)

Barbara Flanagan, of lawful age, being first sworn on oath say, that she is the agent authorized by the bidder to submit the attached bid. Affiant further states that the bidder has not been a party to any collusion among bidders in restraint of freedom of competition by agreement to bid at a fixed price or to refrain from bidding; or with any state official or employees to quantity, quality, or price in the prospective contract, or any other terms of said prospective official concerning exchange of money or other thing of value for special consideration in the letting of contract; that the bidder/contractor had not paid, given or donated, or agreed to pay, give or donate to any officer or employee either directly or indirectly in the procuring of the award of a contract pursuant to this bid.

Barbara Flanagan
Signed

Subscribed and sworn before me this 28th day of February, 2014.

Notary Public (or Clerk or Judge) Linda Martin

My commission expires September 6, 2017

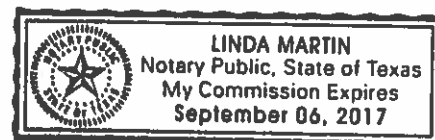


EXHIBIT C

PROCUREMENT

Certification Regarding Lobbying

Applicable to Grants, Sub-grants, Cooperative Agreements, And Contracts Exceeding \$100,000 in Federal funds.

Submission of this certification is a prerequisite for making or entering into this transaction and is imposed by section 1352, Title 31, U.S. Code. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, an employee of a Member of Congress, or any Board Member, officer, or employee of _____ Independent School District in connection with the awarding of a Federal contract, the making of a Federal grant, the making of a Federal loan, the entering into a cooperative agreement, and the extension, continuation, renewal, amendment, or modification of a Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, an employee of a Member of Congress, or any Board Member, officer, or employee of _____ Independent School District in connection with this Federal grant or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all covered sub-awards exceeding \$100,000 in Federal funds at all appropriate tiers and that all sub-recipients shall certify and disclose accordingly.

ARAMARK Educational Services, LLC

4790 Regent Boulevard, Suite 150

Irving, Texas 75063

Name/Address of Organization

Barbara Flanagan, Vice President

Name/Title of Submitting Official

Barbara Flanagan
Signature

February 28, 2014

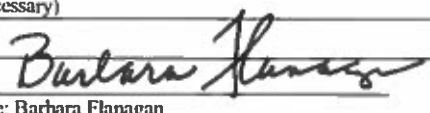
Date

NOT APPLICABLE**EXHIBIT C****PROCUREMENT****Disclosure of Lobbying Activities**

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See next page for public burden disclosure.)

Approved by OMB
0348-

0046

1. Type of Federal Action: <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance		2. Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award		3. Report Type: <input type="checkbox"/> a. initial offering <input type="checkbox"/> b. material change For Material Change Only: Year _____ Quarter _____ Date of last report _____	
4. Name and Address of Reporting Entity: <input type="checkbox"/> Prime <input type="checkbox"/> Sub-awardee Tier _____, if known: Congressional District, if known: _____			5. If Reporting Entity in No. 4 is Sub-awardee, Enter Name & Address Of Prime: Congressional District, if known: _____		
6. Federal Department/Agency:			7. Federal Program Name/Description: CFDA Number, if applicable: _____		
8. Federal Action Number, if known:			9. Award Amount, if known: \$ _____		
10. a. Name and Address of Lobbying Entity <i>(If individual, last name, first name, MI):</i> (Attach continuation sheet(s) if necessary)			b. Individuals Performing Services <i>(Incl. Address if different from No. 10a) (last name, first name, MI):</i> 		
11. Amount of Payment (check all that apply): \$ _____ Actual <input type="checkbox"/> Planned <input type="checkbox"/>			13. Type of Payment (check all that apply): <input type="checkbox"/> a. retainer <input type="checkbox"/> b. one-time fee <input type="checkbox"/> c. commission <input type="checkbox"/> d. contingent fee <input type="checkbox"/> e. deferred <input type="checkbox"/> f. other; specify: _____		
12. Form of Payment (check all that apply): <input type="checkbox"/> a. cash <input type="checkbox"/> b. in-kind; specify: nature _____ value _____					
14. Brief Description of Services Performed or to be Performed and Date(s) of Service, including officer(s), employee(s), or member(s) contacted for Payment Indicated in Item 11: (Attach continuation sheet(s) if necessary)					
15. Continuation Sheet(s) attached: <input type="checkbox"/> Yes <input type="checkbox"/> No					
16. Information requested through this form is authorized by article 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.			Signature:  Print Name: <u>Barbara Flanagan</u> Title: <u>Vice President</u> Telephone No: <u>(972) 462-6039</u> Date: <u>February 28, 2014</u>		
Federal Use Only:			Authorized for Local Reproduction of: Standard Form - LLL		

PROCUREMENT

Instructions for Completion of SF-LLL, Disclosure of Lobbying Activities

This disclosure form shall be completed by the reporting entity, whether sub-awardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Use the SF-LLL-A Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal Action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal Action.
2. Identify the status of the covered Federal Action.
3. Identify the appropriate classification of this report. If this is a follow-up report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal Action.
4. Enter the full name, address, city, state and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or sub-award recipient. Identify the tier of the sub-awardee, e.g., the first sub-awardee of the prime is the 1st tier. Sub-awards include but are not limited to subcontracts, subgrants, and contract awards under grants.
5. If the organization filing the report in item 4 checks "sub-awardee", then enter the full name, address, city, state and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal Agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal Action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal Action identified in item 1 (e.g., **Request for Proposal** (RFP) number; Invitation For Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal Action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a.) Enter the full name, address, city, state and zip code of the lobbying entity engaged by the reporting entity identified in item 4 to influence the covered Federal Action.
(b.) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter last name, first name, and middle initial (MI).

11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (item 4) to the lobbying entity (item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.
12. Check the appropriate box(es). Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.
13. Check the appropriate box(es). Check all boxes that apply. If other, specify nature.
14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with Federal officials. Identify the Federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.
15. Check whether or not a SF-LLL-A continuation sheet(s) is attached.
16. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, D.C. 20503