

AMENDMENT

THIS AMENDMENT is dated March 28, 2006 and is between Keller Independent School District (“SFA”) and Compass Group USA, Inc. by and through its Chartwells Division (“Chartwells”) (collectively the “Parties”).

WHEREAS, the SFA and Chartwells are parties to a certain agreement, dated July 1, 2005 (“Agreement”), pursuant to which Chartwells manages the SFA’s food service operation and facilities; and

WHEREAS, the Parties now desire to amend the aforesaid Agreement;

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the Parties hereto agree as follow.

1. Amendment of Section 2.2. Commencement & Term: Section 2.2 of the Agreement is hereby deleted in its entirety and replaced with the following:

This Agreement shall be for a period of one (1) year, commencing July 1, 2006, and continuing until June 30, 2007, unless terminated by either party as hereinafter provided. The parties may by mutual agreement renew the terms of this Agreement for up to one (1) successive one (1) year period. 7 CFR 210.16(d).

2. Amendment of Section 10.2 Operating Expenses: Section 10.2 is hereby deleted in its entirety and replaced with the following:

Chartwell’s cost of operating the food service will include, but not be limited to: salaries of all onsite Chartwells assigned employees and will exclude any employee that is not permanently assigned to Keller ISD during the course of the contract as calculated and defined in 3.2 and actual expenses necessary to perform the duties and obligations under this Agreement including, but not limited to, office supplies, insurance, training, marketing, licenses/permits, laundry, uniforms, postage, paper goods and taxes other than the state of Texas sales tax. The Parties recognize that from time to time, on an emergency basis, it will be necessary for Chartwells to purchase food and other supplies that are normally the responsibility of the District to purchase in accordance with Section 7.1 of the Agreement. In such instances when a purchase must be made on such an emergency basis, Chartwells may make such a purchase provided that the purchase is from an approved District vendor and complies with all other district purchasing procedures and policies.

3. Amendment of Section 10.3 Administrative Fee: Section 10.4 of the Agreement is hereby deleted in its entirety and replaced with the following:

The SFA shall pay Chartwells the amount of \$.036 per meal served as Chartwells' Administrative Fee.

4. Amendment of Section 10.4 Management Fee: Section 10.5 of the Agreement is hereby deleted in its entirety and replaced with the following:

The SFA shall pay Chartwells the amount of \$.036 per meal served as Chartwells' Management Fee.

5. Amendment of Section 10.5: Section 10.5 of the Agreement is hereby deleted in its entirety and replaced with the following:

For the purpose of computing the meals in Sections 10.3 and 10.4, the total number of meals served shall be determined as follows: a) the total number of student meal pattern breakfasts/lunches/snacks served to children, and b) cash receipts, other than from the sales of National School Student meal pattern meals to children, divided by the Meal Equivalency Rate. Meal counts for special functions (e.g., awards dinners, banquets, etc.) shall be determined by actual count. For the purpose of this Agreement, the Meal Equivalency rate shall equal \$2.32.

6. Amendment of Section 10.6 Guaranteed Subsidy: Section 10.6 of the Agreement is hereby deleted in its entirety and replaced with the following:

Chartwells shall provide a guaranteed return ("Guaranteed Return") to the District of \$120,786 for the 2006/2007 fiscal school year and is subject to negotiation upon any and all annual renewals. The Guaranteed Return shall apply only to the food service operations that are included in the Agreement. The District shall be responsible for designation and recording the revenues and expenditures that apply to this Agreement. The Guaranteed Return shall be placed in the Food Service Account and be applied to the benefit of the District's school food service program. Chartwells shall not request, and the District shall not make, any expenditure from the Food Service Account that is not for the benefit of the District's school food service program.

If the actual returns are less than this amount, Chartwells will provide a subsidy to the District's food service account up to 100% of the Guaranteed Return and the audited surplus as stated in the district's annual independent audit from the 2006/2007 fiscal school year, provided the following conditions are met:

- i. Reimbursement rates for the National School Lunch Program meals shall not be less than the rates at the effective date of this Agreement or upon the effective date of any and all annual renewals allowed as part of this agreement.
- ii. The value of government donated commodities and/or cash in lieu thereof shall not be less than the value of government donated commodities and/or cash in lieu thereof for the 2005/2006 school year.
- iii. The number of days meals are served during the 2006/2007 school year shall be no less than 174 full service days and 4 half service days for a total of 176 full service days, and is subject to change with any and all annual renewals allowed as part of this Agreement.
- iv. The student enrollment for the term of this Agreement shall be no less than enrollment for the 2005/2006 school year, and is subject to review and adjustment with any and all annual renewals allowed as part of this Agreement.
- v. The level of wages and salaries for employees will not exceed an average 4.0% increase from 2005/2006 school year, and the fringe benefits for employees will not exceed a 5% increase from the 2005/2006 school year.
- vi. The selling prices of Menu Pattern Meals and A-la-carte selections may be adjusted based on increases in food, labor or other costs, subject to approval by the District. Selling prices will be subject to review with any and all annual renewals allowed as part of this Agreement and may be changed as determined by the District.
- vii. Employee personnel and sick leave does not exceed an average of 4 days per employee.
- viii. The level of food and paper product cost does not exceed an increase of 4%.
- ix. All start up costs for the new campuses is at the District's expense and will not be included in any calculation for the Child Nutrition Fund regarding the Guaranteed Return.
- x. State matching funds will not be less than the prior year.
- xi. Service will not be interrupted as a result of fire, work stoppage, strike or school closing.

- xii. The District will consider program changes as recommended by Chartwells to increase revenues and/or reduce expenses.
- xiii. The Guaranteed Return will be subject to negotiation in the event of any legislative changes that materially impact program revenues and/or expenses.

In the event the foregoing conditions are not met during the 2006-2007 school year, Chartwells' guarantee obligation may be subsidized by a prorated adjustment attributable to the change in such conditions stated above.

7. This Amendment is effective March 28, 2006 and thereafter, unless otherwise amended. All other terms and conditions contained in the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed by their duly authorized offices, all done the day and year first above written.

Keller Independent School District

Compass Group USA, Inc., by and through its Chartwells Division

By: _____

By: _____

Its: _____

Its: President - Schools

Date: _____

Date: _____