



BOARD OF SCHOOL TRUSTEES

KELLER INDEPENDENT SCHOOL DISTRICT

3F. Action

Date: October 25, 2004

SUBJECT: APPROVAL OF CHARTWELLS AMENDMENT

BOARD GOAL: Budget and Finance

FISCAL NOTE: Partial refund of Guarantee from Food Service fund balance

Background Information:

- RFP is issued using historical data and assumptions of future unknowns
 - Future pay and benefit increase to employees
 - Estimates of Student population
 - Estimate to use for Repair and Maintenance
- Mutually agreed upon contract describes remedies for changes in the assumptions
- Remedies for a shortfall to the guarantee caused by changes in assumptions are defined contractually as “a reduction in the guarantee obligation by an amount equal to any increased cost or loss of revenue attributable to the changes in such conditions.
 - Remedy is a two-step process; 1) identify and agree that they fit into the defined assumptions of the contract and proposal and 2) determine the methodology for calculating the financial impact.
- Request for consideration from Bruce Norman, Regional Vice President attached.

Administrative Considerations:

- The district’s analysis of the request from Chartwells has produced the attached response.
- The final recommendation will leave the District in a strong financial (surplus) position for the 2003-04 school year.

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The administration recommends that the Board of Trustees approve a refund of \$156,392.94 from the Chartwells guarantee of \$605,797.00 for the 2003-2004 fiscal year.

Respectfully submitted,

Kent V. Morrison, III
Assist. Supt. of Finance