

**RENEWAL AND AMENDMENT OF THE FOOD SERVICES
MANAGEMENT AGREEMENT**

THIS RENEWAL AND AMENDMENT OF THE FOOD SERVICES MANAGEMENT AGREEMENT is entered into between Keller Independent School District (the "District") and Compass Group USA, Inc. by and through its Chartwells Division ("Chartwells") (collectively the "Parties").

WHEREAS, the District and Chartwells are parties to a certain agreement, dated July 1, 2003 ("Agreement"), pursuant to which Chartwells manages the Client's food service operation and facilities; and

WHEREAS, the Parties now desire to renew and 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 follows:

1. Renewal

The Parties hereby agree to renew the Agreement for a period of one year, commencing July 1, 2004 and continuing until June 30, 2005, unless otherwise terminated under the terms of the Agreement, as authorized by section 2.1 of the Agreement.

2. Section 8.6

Section 8.6 shall be added as follows:

Chartwells expressly agrees to comply with and follow the provisions of the Texas Public School Nutrition Policy issued by the Texas Department of Agriculture and all regulations issued by the United States Department of Agriculture or Department of Education, and any amendments thereto that become effective during the term of this Agreement and any extensions thereof, including without limitation the express prohibition under the Texas Public School Nutrition Policy of selling sugared, carbonated beverages in containers larger than 12 ounces in size.

3. Section 10.6 Guaranteed Return

Section 10.6 of the Agreement shall be amended by replacing the section in its entirety with the following:

Chartwells shall provide a guaranteed return ("Guaranteed Return") to the District of \$120,786 for the 2004/2005 fiscal school year. The amount of Guaranteed Return in any subsequent years under this contract shall be 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 2004/2005 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 2003/2004 school year.
- iii. The number of days meals are served during the 2004/2005 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 number of serving periods, locations, serving times and types of service shall not change materially from the anticipated and budgeted projections for the 2004/2005 school year. In-district catering revenue will be at least 75% (seventy-five percent) of net revenue of the prior year's in-district catering revenue if awarded the contract for catering.
- v. The student enrollment for the term of this Agreement shall be no less than an 8% or 1,600 student increase from the 2003/2004 school year enrollment, and is subject to review and adjustment with any and all annual renewals allowed as part of this Agreement.

- vi. The level of wages and salaries for employees will not exceed an average 3% increase from 2003/2004 school year, and the fringe benefits for employees will not exceed a 5% increase from the 2003/2004 school year.
- vii. The selling prices of Menu Pattern Meals and A-la-carte selections will be increase as anticipated and included in the budget for the 2004/2005 school year, and will be subject to review and change with any and all annual renewals allowed as part of this Agreement.
- viii. The level of overtime and substitute pay does not exceed 50% of the prior year expense.
- ix. Employee personnel and sick leave does not exceed an average of 4 days per employee.
- x. The level of food and paper product cost does not exceed an increase of 3%.
- xi. Any and 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.
- xii. State matching funds will not be less than the prior year.
- xiii. Service will not be interrupted as a result of fire, work stoppage, strike or school closing.
- xiv. The District will consider program changes as recommended by Chartwells to increase revenues and/or reduce expenses.
- xv. 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 2004-2005 school year, Chartwells' guarantee obligation may be subsidized by a prorated adjustment attributable to the change in such conditions stated above.

IN WITNESS WHEREOF, the parties hereto have caused this Renewal and Amendment of Food Services Management Agreement to be signed by their duly authorized officers, effective this _____ day of _____, 2004.

Keller Independent School District

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

By: _____

By: _____

Its: _____

Its: President

Date: _____

Date: _____