

METHODOLOGY OF GUARANTEE:

The projected financial bottom line is based on the net of all revenue minus all expenses. Revenue is calculated with consideration for projected participation changes, selling price increases (and impact of such), projected reimbursement rates changes, new or lost programs and program regulations and any financial implications of said regulatory changes. Expenses are determined by calculating all allowable expenses as outlined on the cost responsibility worksheet, applying appropriate inflationary/program costs increases in renewal years, and projected labor costs including wages, benefits and taxes. The projected financial bottom line guarantee will not be limited to its fee, its administrative charges or otherwise. Nutrition, Inc.'s RFP budget and subsequent renewal budgets are contingent upon the following criteria:

All information as specified in the RFP, RFP worksheets and any documents supplied by the SFA during the RFP and renewal years.

- Meal service days for breakfast and lunch as specified and as listed on the POC pages
- SFA specified enrollment provided annually. Per the RFP, SFA shall not be negatively penalized in the guarantee should the student enrollment decrease by less than 5 %.
- SFA specified participation for Head Start and Jefferson DeFrees meals. SFA shall not be negatively penalized in the guarantee should the participation decrease by less than 5 %. Participation in these programs will be monitored by the FSMC and will be communicated to the SFA of any changes in participation, or changes of the types of meals provided.
- SFA specified breakfast and lunch prices
- Recommended and approved a la carte pricing provided with each renewal
- All meal service standards in place at time of budget development remaining materially the same over the course of the school year. This includes but is not limited to: Menu design as specified in proposal, Offer vs. Serve at specified grade levels, meal service times and busing schedules and wellness Policy. The preceding may only be used to adjust the guarantee if the change negatively impacts food service revenue.
- SFA specified total labor including wages, hours and benefits. If the specified total labor (including wages, hours, and benefits) is in excess of the total specified, the excess amount will be considered a variance and adjusted from the guarantee.
- USDA commodity usage as specified on the POC page of each renewal and USDA commodity processing agreements. Notwithstanding the foregoing, Nutrition and the District agree that Nutrition's guarantee shall not be subject to adjustment based on any shortfall or delay in commodity processing or usage if said shortfall or delay is due to the actions or inactions of Nutrition.
- Federal and state reimbursement rate changes.
- Adjustment in the Federal or State governments, District Administration, or District School Board of Directors enact policies that negatively affect Nutrition, Inc.'s budget projections, including but not limited to changes to Federal & state reimbursement rates or guidelines governing the NSBP/NSLP
- Agreements or contracts entered into by the District prior to or during the contract period with Nutrition, Inc, that negatively impacts the food service operation and revenue.
- Special diets will be reviewed by the SFA and FSMC on a case by case basis to determine if the special diet requested includes costly ingredients which may result in additional charges to the SFS for the increased cost. Under no circumstances shall Nutrition's guarantee be subject to adjustment based on any cost associated with a special diet.
- The loss of meal service in a building(s) that is unable to be rescheduled during the school year.

Financial Guarantee Settlement: The Nutrition Group guarantees to the School District a loss, as shown on NSLP Projected Operating Costs page's "Guarantee to SFR line. Nutrition guarantees this budget will not be limited to its fee, its administrative charges or otherwise. Should monies be owed the district to satisfy the conditions of Nutrition, Inc.'s guarantee, the guarantee amount owed will be agreed upon based upon the Food Service Financial Audit Report (excluding non-budgeted revenue and expenses as mutually agreed upon) for the settlement school year.

- Revenue will be based on actual sales and not deposits, as deposits may not account for the impact of advance sales, charged meals and outstanding special function receipts. Outstanding student debt accumulated in the budget year will be deducted from the total sales for said budget year. Settlement must be complete by the end of the following school year.

Note: Budgeted RFP food cost is the same for the SFA-specified 21-day cycle menu and Nutrition's 21 -day menu format If allowed by SFA in the RFP under General Information, Letter Q, therefore an alternate POC is not required. If approved, Nutrition will implement our 21 -day menu for the first 21 days of service and thereafter continue with our menu format and cycle,

For DFN use only: