

AMENDMENT

GROSSE POINTE PUBLIC SCHOOLS

AND

SODEXHO MANAGEMENT, INC.

THIS AMENDMENT, dated May 22, 2006, is between GROSSE POINTE PUBLIC SCHOOLS ("District") and SODEXHO MANAGEMENT, INC. ("Sodexho").

WITNESSETH:

WHEREAS, District and Sodexho entered into a certain Management Agreement, dated July 1, 2005, as amended ("Agreement"), whereby Sodexho manages and operates District's Food Service operation in Grosse Pointe, Michigan;

WHEREAS, the parties now desire to further amend the aforesaid Agreement;

NOW, THEREFORE, in consideration of the promises herein contained and for other good and valuable consideration, the parties hereto agree as follows:

1. Sections 2.12 A and C are deleted in their entirety and the following substituted therefor:

"A. The invoiced amounts to Sodexho of goods, including food, beverages, merchandise and supplies, plus a Charge for procurement equal to \$.055 per Pattern Meal and Meal Equivalent. Operating Expenses shall be net of any rebates obtained from local vendors, suppliers, or distributors for goods procured solely for District's account. Prompt payment discounts and any other rebates or allowances obtained from vendors, suppliers, or distributors, including those obtained through Sodexho's regional or national purchasing or distribution arrangements, will be credited to District. In any event, however, the total of the invoiced amounts of such goods and the Charge for procurement shall be competitive, on an aggregate basis, with prices at which such goods and services can be purchased in the geographic area of the Food Services operations. Sodexho will comply with all USDA and Michigan Department of Education regulations and guidelines applicable for the State of Michigan;

C. General Support Services Allowance equal to Seven and 7/10 Cents (\$.077) per Pattern Meal and Meal Equivalent served, computed at the end of each Accounting Period and prorated for any partial Accounting Period;"

2. Section 3.1 is deleted in its entirety and the following substituted therefore:

"3.1 Term of Agreement. The term of the Agreement is one (1) year commencing on July 1, 2006 and continuing through June 30, 2007, and is subject to renewal for three (3) additional one (1) year terms upon mutual agreement of the parties, unless terminated earlier as hereinafter provided."

3. Section 7.2 is deleted in its entirety and the following substituted therefor:

"7.2 Manual Food Service Reimbursements and Management Fee. Gross Sales shall be remitted to District or deposited in District's account on a daily basis. District shall provide bank reconciliation and meal count reconciliation within fifteen (15) days after the close of each Accounting Period. Sodexo shall invoice District each Accounting Period for Operating Expenses.

District shall pay Sodexo a Management Fee equal to the greater of Twenty Four Thousand Nine Hundred Sixty Eight Dollars (\$24,968.00) per year or \$.041 for each Pattern Meal and Meal Equivalent served for the 2006-2007 contract year. The Management Fee shall be calculated at the end of each Accounting Period and prorated for any partial Accounting Period."

4. Section 7.4 is deleted in its entirety and the following substituted therefor:

"7.4 Guarantee. District and Sodexo shall work together to ensure a financially sound operation. Sodexo guarantees that District shall receive a minimum annual financial return of Seventy Thousand Eighty One Dollars (\$70,081.00) to cover District's Food Service program expenses. If the annual financial return for the Food Service program falls short of the aforementioned amount, Sodexo shall reimburse District for the difference, not to exceed Sodexo's annual Management Fee detailed in Section 7.2 and General Support Allowance Fee as detailed in Section 2.12C. . Current and prior year Sodexo reimbursed amounts may be recovered by Sodexo from current Food Service program Surplus."

5. Section 7.6 is deleted in its entirety and the following substituted therefor:

"7.6 Assumptions. Financial terms of the Agreement are based upon existing conditions and the following assumptions. If there is a change in conditions, including, without limitation, changes to the following assumptions, the financial terms of the Agreement, including the Guarantee, shall be adjusted to compensate for such change.

-- Changes in District's policies, practices, and service requirements shall result in an appropriate adjustment.

-- Any increase to wages and benefits due to unionization;

-- Average daily attendance ("ada") for the contract year beginning July 1, 2006 shall not be less than eight thousand and four (8,004) (93% of enrollment [8,606] as reflected in the District's Request For Proposal dated May 23, 2005).

-- Interest income to be not less than Two Thousand Six Hundred Sixty Two and 10/100 Dollars (\$2,662.10) as reflected in the District's Request for Proposal dated May 23, 2005.

-- Legislation, regulations and reimbursement rates that create changes in the school lunch program shall remain consistent throughout the year.

-- Usable commodities, of adequate quality and variety required for Sodexho's proposed menu cycle, valued at \$.175 per Pattern Lunch for the 2006-2007 contract year.

-- The government reimbursement rates in effect as of July 1, 2006 shall remain consistent throughout the year.

-- State reimbursements to be not less than Thirty Four Thousand Three Hundred Thirty Four Dollars (\$34,334.00).

-- Changes to meal components and quantities required by the National School Lunch Act or the National School Lunch Program.

-- There shall be no competitive sales during the lunch period.

-- Service hours, service requirements, type or number of facilities selling food and/or beverages on District's Premises shall remain consistent throughout the year.

-- Milk vendor prices shall remain constant throughout the year based on normal inflationary increases that are based on CPI.

-- The state or federal minimum wage rate and taxes in effect as of July 1, 2006 shall not be less than consistent throughout the year.

-- The projected number of full feeding days shall not be less than one hundred sixty nine (169) in the elementary schools and one hundred seventy two (172) in the secondary schools."

7.8: 6. Article V is amended to reflect the addition of the following language as Section

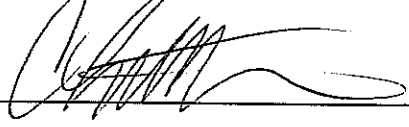
7.8 Sodexho's Investment. Sodexho shall purchase a Point of Sale System for the Food Service operation in an amount not to exceed Thirty Thousand Dollars (\$30,000.00) ('Investment'). Sodexho shall amortize the Investment on a straight-line basis over four (4) years, commencing with the date the equipment is placed in service. Such amortization shall be charged as an Operating Expense of the Food Service. District shall own the Investment. If the Agreement expires or is terminated prior to the complete amortization of the Investment, District shall reimburse Sodexho, on the

expiration date, or within five (5) days after receipt by either party of any notice of termination under this Agreement, the unamortized portion. District shall, within five (5) days after Sodexho's request, execute a U.C.C. financing statement and Sodexho may put the same of record to secure its lien on the unamortized portion of the Investment. District hereby appoints Sodexho as "attorney-in-fact" to execute such statement in the event that District fails to execute same within such specified five (5) day period."


7. This Amendment is effective July 1, 2006, and thereafter, unless amended. All other terms and conditions contained in the Agreement shall remain unchanged and in full force and effect, except by necessary implication.

IN WITNESS WHEREOF, the duly authorized officers of the parties have executed this Amendment, as of the date indicated in the first paragraph of this Amendment.

GROSSE POINTE PUBLIC SCHOOLS

By:   
Name (printed): \_\_\_\_\_  
Title: \_\_\_\_\_

SODEXHO MANAGEMENT, INC.

By:   
\_\_\_\_\_  
Scott Loretan  
Senior Vice President

# GROSSE POINTE PUBLIC SCHOOLS

Prepared

## Proposed Food Service Budget

24-Apr-06

### FOOD SERVICE BUDGET FOR 2006 - 2007 SCHOOL YEAR

#### REVENUES

Lunch Program Sales	\$433,357
Student Ala Carte	\$680,605
Adult Ala Carte	\$15,042
Vending	\$6,126
Catering	\$4,091
Federal Reimbursements	\$131,706
State Reimbursements	<u>\$34,334</u>
Total Revenues	\$1,305,261

#### EXPENDITURES

Food Cost	\$482,915
Sodexo Hourly Labor	\$497,913
Sodexo Management	\$75,824
Other Costs	\$119,171
Administrative Fees	\$38,711
Management Fees	<u>\$20,646</u>
Total Expenses	\$1,235,180
Excess / Deficit	\$70,081
Sodexo Investment Year 2	<u>\$30,000</u>
Total	\$100,081

#### Budget Assumptions & Notes:

- \* Budget guarantee limited to the full extent of Sodexo administrative and management fee's.
- \* Secondary base lunch price to be \$2.75
- \* No decline district enrollment for students available to eat.
- \* No reductions in the current levels of free and reduced applications.
- \* 2% increase in Federal Reimbursements.
- \* State Reimbursements budgeted at the same level as the 2005/06 school year.
- \* Staff wages increased on an average 2.5%.
- \* No change in meal service periods and locations.
- \* No competing food or beverage sales during meal service periods.
- \* No reduction of usable commodities and/or commodity entitlement values per meal.
- \* Full service days of 169 at the elementary and 172 at the secondary schools.
- \* Sodexo investment of up to \$30,000 in an electronic point of sale system, expensed @ \$6,000 per year.  
(assumes no change in elementary labor at this time but may be required due to system and control needs)
- \* Additional staff training days of 3 @ 2.5 hours per day
- \* Administrative and Management fee's increased 3.00%.
- \* Includes \$4,500 for finger printing and criminal background checks for all employees
- \* RFP Charge raised from \$0.05 to \$0.055 per meal.